

TREASURE STATE ENDOWMENT PROGRAM

2007 Biennium Project Evaluations and Funding Recommendations

**Montana Department of Commerce
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TABLE OF CONTENTS

<u>No.</u>	<u>Page</u>
Title Page	
Table of Contents	1
Alphabetical Index of TSEP Application (Project) Reports for the 2007 Biennium	3
Part 1 Executive Summary	5
Part 2 Actions Taken by TSEP Since the 2003 Legislature	7
Part 3 Key Issues for the 2005 Legislature	9
Part 4 Funds Available to the 2005 Legislature	12
< Diagram 1 – Coal Severance Tax Deposits into the Coal Trust Fund	13
< Table 1 – Treasure State Endowment Fund Deposits and Interest Earnings.....	14
Part 5 TSEP Application Evaluation, Ranking and Recommendation Process	
< Process MDOC Uses to Recommend TSEP Projects for Funding.....	15
< Step 1 of the Process – Ranking of Seven Statutory Priorities	15
< Table 2 – TSEP Applications - Scores on the Seven Statutory Priorities and Final Ranking Recommendations for the 2007 Biennium	18
< Step 2 of the Process – Financial Assistance Analysis	20
< Table 3 – TSEP Financial Assistance Analysis/Grant Award Recommendations for the 2007 Biennium.....	21
Part 6 TSEP Application (Project) Reports for the 2007 Biennium	
Index of Reports.....	22
Glossary of Abbreviations Used in the TSEP Application (Project) Reports.....	24
Project #1 St. Ignatius, Town of	26
Project #2 Rudyard County Water and Sewer District.....	31
Project #3 Carter Chouteau County Water and Sewer District	35
Project #4 Cascade, Town of	40
Project #5 Madison County	45
Project #6 Lewis and Clark County	53
Project #7 Stillwater County	60
Project #8 Seeley Lake Sewer District.....	66
Project #9 Dodson, Town of	72
Project #10 Conrad, City of	76
Project #11 Sweet Grass County	81
Project #12 Havre, City of	87
Project #13 Powell County.....	92
Project #14 Mineral County.....	98
Project #15 Glacier County	103
Project #16 Malta, City of.....	110
Project #17 Crow Tribe	115

Project #18	Libby, City of.....	121
Project #19	Big Horn County.....	126
Project #20	Custer Area-Yellowstone County Water and Sewer District	131
Project #21	Hill County	136
Project #22	Glasgow, City of.....	141
Project #23	Valier, Town of	145
Project #24	Sheridan, Town of	149
Project #25	Beaverhead County	154
Project #26	Whitefish, City of.....	158
Project #27	Richland County.....	162
Project #28	Upper-Lower River Road Water and Sewer District	167
Project #29	Laurel, City of	173
Project #30	Ennis, Town of	178
Project #31	Choteau, City of	182
Project #32	Missoula County.....	187
Project #33	Miles City, City of	191
Project #34	Yellowstone County	196
Project #35	Ranch County Water and Sewer District	200
Project #36	Hysham, Town of	205
Project #37	Carbon County	210
Project #38	Spring Meadows County Water District.....	215
Project #39	Woods Bay Homesites Lake County Water and Sewer District	220
Project #40	Circle, Town of.....	224
Project #41	Fairfield, Town of.....	229
Project #42	Sun Prairie Village County Water and Sewer District.....	234
Project #43	Ryegate, Town of.....	238
Project #44	Chester, Town of.....	243
Project #45	Shelby, City of.....	248
Project #46	Bearcreek, Town of.....	253
Project #47	Bigfork County Water and Sewer District.....	258

Appendices

A.	TSEP Statutes	263
B.	Seven TSEP Statutory Priorities, Scoring Criteria and Scoring Level Definitions.....	265
C.	Status of Uncompleted Projects that were Previously Appropriated TSEP Funds.....	278
D.	TSEP Preliminary Engineering Grants Awarded by the Department.....	301

Tables

1.	Treasure State Endowment Funds – Deposits and Interest Earnings.....	14
2.	TSEP Applications – Scores on the Seven Statutory Priorities and Final Ranking Recommendations for the 2007 Biennium.....	18
3.	TSEP Financial Assistance Analysis/Grant Award Recommendations for the 2007 Biennium	21

Diagrams

1.	Coal Severance Tax Deposits into the Coal Trust Fund.....	13
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ALPHABETICAL INDEX FOR TSEP APPLICATION (PROJECT) SUMMARIES FOR THE 2007 BIENNIUM

<u>Name of Applicant</u>	<u>Project Ranking</u>	<u>Page No.</u>
Bearcreek, Town of.....	Project # 46.....	253
Beaverhead County	Project # 25.....	154
Big Horn County.....	Project # 19.....	126
Bigfork County Water and Sewer District.....	Project # 47.....	258
Carbon County	Project # 37.....	210
Carter Chouteau County Water and Sewer District	Project # 3.....	35
Cascade, Town of	Project # 4.....	40
Chester, Town of.....	Project # 44.....	243
Choteau, City of	Project # 31.....	182
Circle, Town of.....	Project # 40.....	224
Conrad, City of	Project # 10.....	76
Crow Tribe	Project # 17.....	115
Custer Area-Yellowstone County Water and Sewer District	Project # 20.....	131
Dodson, Town of	Project # 9.....	72
Ennis, Town of	Project # 30.....	178
Fairfield, Town of.....	Project # 41.....	229
Glacier County	Project # 15.....	103
Glasgow, City of.....	Project # 22.....	141
Havre, City of	Project # 12.....	87
Hill County	Project # 21.....	136
Hysham, Town of	Project # 36.....	205
Laurel, City of	Project # 29.....	173
Lewis and Clark County	Project # 6.....	53
Libby, City of.....	Project # 18.....	121
Madison County	Project # 5.....	45
Malta, City of.....	Project # 16.....	110
Miles City, City of	Project # 33.....	191
Mineral County.....	Project # 14.....	98
Missoula County.....	Project # 32.....	187
Powell County.....	Project # 13.....	92
Ranch County Water and Sewer District	Project # 35.....	200
Richland County.....	Project # 27.....	162
Rudyard County Water and Sewer District.....	Project # 2.....	31
Ryegate, Town of.....	Project # 43.....	238
Seeley Lake Sewer District.....	Project # 8.....	66
Shelby, City of.....	Project # 45.....	248
Sheridan, Town of	Project # 24.....	149
Spring Meadows County Water District.....	Project # 38.....	215
St. Ignatius, Town of	Project # 1.....	26
Stillwater County	Project # 7.....	60
Sun Prairie Village County Water and Sewer District.....	Project # 42.....	234
Sweet Grass County.....	Project # 11.....	81
Upper-Lower River Road County Water and Sewer District	Project # 28.....	167
Valier, Town of	Project # 23.....	145
Whitefish, City of.....	Project # 26.....	158

Woods Bay Homesites Lake County Water and Sewer Dist. ...Project # 39	220
Yellowstone County .....Project # 34	196

PART 1

EXECUTIVE SUMMARY

1. The Treasure State Endowment Program (TSEP) was authorized by Montana voters with the passage of Legislative Referendum 110 in 1992. The law has been codified as Sections 90-6-701 through 90-6-710, MCA. See Appendix A for the complete text of the statute.
2. Eligible TSEP applicants include cities, towns, counties, consolidated governments, tribal governments, and county or multi-county water, sewer, or solid waste districts.
3. Eligible TSEP projects include drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges.
4. Eligible TSEP applicants may submit one application for up to \$500,000 for a TSEP grant to assist with funding a construction project. Applicants may also apply for loans in addition to a grant.
5. For the 2007 biennium, 47 applications from local governments were submitted to the Montana Department of Commerce (MDOC) requesting \$18,551,674 in TSEP grant funds for local public facility construction projects. See Part 6 for a description, evaluation and recommendation for each application.
6. Based on revenue projections from the Governor's Office of Budget and Program Planning (OBPP), the department has estimated that \$15,638,802 in interest earnings from the treasure state endowment fund would be available for awarding TSEP grants to local governments to construct public facility projects. This is a net figure, after deducting administrative expenses, \$100,000 for emergency projects, and \$600,000 for preliminary engineering grants. See Part 4 for more information on the amount of funds that would be available during the 2007 biennium.
7. Based on \$15,638,802 being available for grants, 39 projects have been recommended for funding. Each project would be guaranteed funding as long as grant recipients have met all start-up requirements before the end of the 2007 biennium. Three additional projects are recommended for funding contingent upon sufficient TSEP funds being available. See Tables 2 and 3 in Part 5 for more information on the rank order of projects and the amounts recommended.
8. The review and ranking of TSEP applications is a two-step process. First, the department is required by statute to review and rank TSEP project proposals and prepare a list of recommended projects, based on seven statutory priorities. Secondly, the department is also required by statute to recommend the form and amount of financial assistance for each project. The Governor reviews the department's recommendations and submits her recommendations to the Legislature. The Legislature makes the final decisions on funding awards. See Part 5 for more information about the review and ranking of TSEP applications.
9. The 1999 Legislature, during the special session in May 2000, passed a bill that provided for a statutory appropriation of \$425,000 for the following two biennia to be used by the department to provide matching grants to local governments for preliminary engineering studies. The department awarded 32 matching grants for preliminary engineering studies to local governments with the 2005 biennium funds. The 2003 Legislature also appropriated \$100,000 for emergency projects. The department has funded three emergency projects to date with the 2005 biennium funds. See Part 2 for more information about the actions that the program has taken since the 2003 Legislature.

10. The only issue being brought before the Fifty-ninth Legislature is HB 11, which is the bill that appropriates TSEP funds for construction projects. In addition, HB 11 would also amend the TSEP enabling statute to state that the department will report to the Legislature the status of all construction projects not yet completed. The bill would also both authorize and appropriate funds to be used by the department to award grants for preliminary engineering studies and grants for emergency projects. In addition, HB 11 would amend the statute in order to eliminate three types of funding options that have never been utilized by local governments since the program was created in 1992. The bill would also terminate two previously authorized projects that have not moved forward and are being referred back to the Legislature. Finally, HB 11 would appropriate funds from the treasure state endowment regional water system fund to provide the state's share for regional water system projects during the biennium. See Part 3 for more information about HB 11.
11. The department's research findings indicate that the principal reason why local public facilities are deficient is that most options for correcting deficiencies are simply not considered affordable by local residents. This finding is especially true for most of Montana's communities because these facilities are very expensive to construct, the cost is usually divided among a relatively small number of users, and the community may also need to upgrade other facilities at the same time. An article in the Montana Policy Review published in the Fall of 1992 by Kenneth L. Weaver, director of the Local Government Center at Montana State University, titled "*The Treasure State Endowment Program: A Question of Incentives*," reported that low interest loans may not provide sufficient incentive to communities to take on an expensive infrastructure project that will create user fees that will not be affordable to the users of the system. In summary, the article discussed how most of Montana's communities need significant grants to write down the total cost of projects and that some jurisdictions simply cannot service the long-term debt of a loan at any rate of interest. The TSEP program has been designed to help address this "affordability" problem.
12. Since the inception of the program, almost all TSEP applications have been for matching grants. Even when local governments have asked for or been awarded TSEP loans, the loans have never been utilized. Grants have been the preferred type of TSEP funding by local governments for various reasons. The first and most important reason is the affordability issue discussed above, which indicates that grants are needed to make most local projects financially feasible and affordable. Secondly, if a loan is appropriate, there are other state and federal loan programs available with better interest rates and terms for water and wastewater projects. Finally, grant funds are extremely limited. There were no loans requested by local governments during this application cycle, and none were recommended by the department.
13. During the original legislative discussion of TSEP, legislators stated that applicants should make the maximum effort to pay for local public facility projects with their own resources before they ask the state to subsidize a local project. There was also a strong consensus among the local officials and legislators that participated in the original public hearings on TSEP that communities should participate in the funding of any public facility project in proportion to their financial resources. The challenge is to try to define a reasonable minimum level of local financial effort. In addition, the department needed an equitable way to determine whether an individual TSEP applicant needed a TSEP grant, loan, or a grant/loan combination to make the applicant's project affordable and feasible, while ensuring that the applicant was proposing a reasonable level of local financial effort. In order to ensure that an adequate level of local financial effort is achieved, the department has established "target rates" that applicants are expected to reach before grant funds are recommended for the project. Target rates are based on a percentage of a community's median household income, making target rates unique financial measures for each of Montana's communities and allowing TSEP staff to objectively compare the relative financial capacity of each applicant. See Part 5 for more information on the TSEP financial analysis procedures.

PART 2

ACTIONS TAKEN BY TSEP SINCE THE 2003 LEGISLATURE

Applications Reviewed

The program received 47 applications in 2004: 14 water projects, 19 wastewater projects, one combined water and wastewater project, and 13 bridge projects.

Active Projects Administered

Projects are considered "active" from the time they have been awarded funding by the Legislature until they are substantially complete and "conditionally closed out." During this time period, the program's staff assists the local government in administering program funds and managing the project. Active projects are conditionally closed out when the project has been completed and accepted by the local government, and the local government has submitted documentation describing what was actually accomplished and expended by each funding source for the project. Once the project is conditionally closed out, the final disbursement of TSEP funds is provided to the local government.

The department started the 2005 biennium with approximately 40 active TSEP projects. There were 74 active projects at the end of FY 2004 and it is estimated that there will be approximately 34 active projects at the end of the 2005 biennium, not including any new projects that will result from the TSEP funds that will be awarded by the 2005 Legislature. A summary of all previously authorized projects that are still active is presented in Appendix C. Each project summary provides current information about the project, including the sources of funding and its status.

Preliminary Engineering Grants Awarded

The 2000 special session of the 56th Legislative Assembly statutorily appropriated \$425,000 for each biennium beginning in FY 2002, and ending at the end of FY 2005, for the purpose of providing communities with matching grants for preliminary engineering work. During the 2003 biennium, the department awarded 40 matching grants in order for local governments to evaluate their public facilities, all of which have been completed and closed out. The department has awarded 32 matching grants during the 2005 biennium; 25 of those local governments have completed their preliminary engineering reports. The TSEP matching grants for preliminary engineering have proven to be an important resource for smaller communities, counties, and county water and sewer districts to initiate local public facility projects. Of the 47 applications reviewed in 2004, 29 of the local governments also received a matching grant to help fund their preliminary engineering study. See Appendix D for a listing of the preliminary engineering grants that have been awarded by the department.

Emergency Grants Awarded

The 2003 Legislature appropriated \$100,000 to be used by the department to award grants to local governments for emergency public facility projects that were too urgent for legislative approval. The department has established a general limit of \$30,000 per project. Three emergency projects have been funded to date totaling \$21,270:

Powell County - \$2,500 was awarded July 8, 2003. The West River Road Bridge over Racetrack Creek was failing and the County installed a temporary Bailey bridge on top of the existing bridge until the bridge

can be permanently replaced. The project was completed and TSEP funds distributed.

Lewis and Clark County - \$15,000 was awarded January 28, 2004, but only \$13,350 was actually provided to the County. Flooding washed out a culvert type bridge on Keir Lane that crosses over Spokane Creek. A new prefabricated steel bridge was constructed. The project was completed and TSEP funds distributed.

Mineral County - \$5,420 was awarded April 20, 2004. A bridge over Cedar Creek was failing and in danger of collapse. The County installed a temporary Bailey bridge on top of the existing bridge until the bridge can be permanently replaced. The project was completed and TSEP funds distributed.

Revision of the TSEP Application Guidelines

There were no major policy changes to the *TSEP Application Guidelines* published in 2003. The most significant technical change was to the target rate percentages used to analyze financial need. New target percentages were computed in the summer of 2003 based upon a survey of user rates charged by water, wastewater, and solid waste systems across the state. The survey was performed because of the new census data finally being available from the decennial census conducted in 1999. The new target percentages are:

- ☐ 2.3 percent for combined water and wastewater,
- ☐ 1.4 percent for water alone (this percentage did not change)
- ☐ 0.9 percent for wastewater alone, and
- ☐ 0.3 percent for solid waste.

These target percentages are multiplied times the median household income (MHI) and multiplied again times 90 percent and divided by 12 months to calculate the target rate. For example, a community that has an MHI of \$30,000, would be required to have combined water and wastewater rates above \$51.75 before the department would recommend a TSEP grant ($\$30,000 \times 2.3 \text{ percent} \times 90 \text{ percent} = \621 divided by 12 = \$51.75).

In order to compensate for the inability to adjust target rates on a more frequent basis, and to lessen the degree to which target rates increase every ten years because of the new census data, the amount that is multiplied times the community's target percentage will now increase by two percent every two years. In 2006, when TSEP applications are accepted again, the target percentage will be multiplied times 92 percent, in 2008 - 94 percent, in 2010 - 96 percent, and in 2012 - 98 percent. When new census data is available in 2014 and new target percentages are computed, the department will start all over again by multiplying the target percentage times 90 percent and then again increasing the amount by two percent every two years.

PART 3

KEY ISSUES FOR THE 2005 LEGISLATURE

House Bill 11 is the only TSEP-related legislation that is being brought before the Legislature by the Department of Commerce. Passage of HB 11, as it will be introduced, would:

- ❑ Appropriate funds from the treasure state endowment fund to award matching grants to local governments for the construction of infrastructure projects,
- ❑ Amend the TSEP enabling statute to state that the department will report to the Legislature the status of all construction projects not yet completed,
- ❑ Amend the TSEP enabling statute to clarify that TSEP funds may be used for emergency projects and preliminary engineering studies, and appropriates the funds for those purposes,
- ❑ Amend the TSEP enabling statute in order to eliminate three types of funding options that local governments have never utilized,
- ❑ Terminate two previously authorized projects that have not moved forward, and
- ❑ Appropriate funds from the treasure state endowment regional water system fund to provide the state's share for regional water system projects during the biennium.

Appropriate Funds From the Treasure State Endowment Fund to Award Matching Grants for the Construction of Infrastructure Projects

The main focus of HB 11 is the appropriation of funds from the treasure state endowment fund to award matching grants to local governments for the construction of infrastructure projects. Based on revenue projections provided by the Governor's Office of Budget and Program Planning, it has been projected that \$15,638,802 would be available for construction grants during the 2007 biennium. As a result, 39 projects would be able to be funded, and three more projects would be contingently funded.

The department is making a departure from past recommendations in regards to how much is being recommended for a construction project; more than \$500,000 was recommended for one project (Rudyard County Water and Sewer District). The possibility of recommending more than \$500,000 for a project was discussed with the Joint Long-Range Planning Subcommittee during the 2001 Legislature. A provision was added to the application guidelines in 2002 that allows the department to recommend to the Legislature an amount greater than what is requested by applicants, including exceeding the normal \$500,000 grant ceiling, in order to ensure that applicants with serious and urgent health and safety problems are not unduly burdened by unreasonably high user rates. The provision is limited to projects that can meet the same tests required for a hardship grant, and the department only recommends enough additional funding that would be sufficient to bring the projected user rates down to 150 percent of the target rate. The Rudyard County Water and Sewer District's project was ranked number two overall, with statutory priority #1 (serious health and safety problems) being scored as having the highest level of need. With the proposed grant amount, the district would still have projected user rates in excess of 150 percent of its target rate.

Amend the TSEP Enabling Statute to State That the Department Will Report to the Legislature the Status of All Construction Projects Not Yet Completed

The bill would also amend 90-6-710, MCA (Priorities for projects -- procedure -- rulemaking), to add language that the department will report to all subsequent regular sessions of the legislature the status of all construction projects that have not been completed in order for the legislature to review each project's status and determine whether the authorized grant should be withdrawn.

Amend the TSEP Enabling Statute to Specifically Allow the Use of TSEP Funds for Emergency Projects and Preliminary Engineering Studies, and Appropriates the Funds for Those Purposes

The bill would also amend the TSEP enabling statute (90-6-703, MCA. Types of financial assistance available) to statute to clarify that TSEP funds may be used for emergency projects and preliminary engineering studies. The department is requesting that \$600,000 be appropriated from the treasure state endowment fund to be used by the department to award matching grants for preliminary engineering studies. Funding for preliminary engineering studies was provided in both the current and previous biennia through a statutory appropriation, which terminates on June 30, 2005. The department is also requesting that \$100,000 be appropriated from the fund to be used by the department to award grants for emergency infrastructure projects needed to address critical public health and safety issues that would not be able to wait for legislative approval.

Amend the TSEP Enabling Statute in Order to Eliminate Three Types of Funding Options That Local Governments Have Never Utilized

The bill would also amend 90-6-703, MCA, in order to eliminate three types of TSEP funding options that local governments have never utilized:

1. annual debt service subsidies on local infrastructure projects,
2. loans from the proceeds of coal severance tax bonds at a subsidized interest rate, and
3. deferred loans to local governments for preliminary engineering study costs.

The reasons for eliminating these types of funding options are:

- ❑ Annual debt service subsidies do not appear cost-effective and raise serious technical, financial, and legal issues, based on a study commissioned by the department. The department has never received a request from a local government for this funding option since the program was created in 1992.
- ❑ There are other low-interest federal and state loan programs available to fund construction projects that have better rates and terms. Conventional financing is also available at competitive interest rates through the private bond market. In addition, a TSEP loan is impractical because of the inherent delays involved in receiving funding through the legislative process. While the program received a few requests from local governments for a construction loan in the earlier years of the program, none of the awarded loans were ever utilized. Instead, the local governments awarded the TSEP loans ultimately utilized one of the other low-interest federal or state loan programs. The TSEP program has not received any requests for a construction loan since 1996.
- ❑ Deferred loans for preliminary engineering studies have also proven to be impractical because of the inherent delays involved in receiving funding through the legislative process. While the program received a couple of requests from local governments for a preliminary engineering loan in the first funding competition of the program, none of the awarded loans were ever utilized. In addition, the Montana Board of Investment's INTERCAP program has a similar deferred repayment loan program for preliminary engineering studies, which is available on a continuous basis to local governments. The INTERCAP program is frequently used by local governments to provide the matching funds needed to obtain a TSEP preliminary engineering grant, which have been available since FY 2002.

Terminate Two Previously Authorized Projects That Have Not Moved Forward

The bill would also terminate two previously authorized projects that have not moved forward. The department refers previously approved projects back to the Legislature for its consideration as to whether to continue funding the project if the grant recipient:

1. has not commenced or completed its project in a timely manner, or
2. requests a modification that significantly affects the scope of work or budget that would materially alter the intent and circumstances under which the application was originally ranked by the department and approved by the Legislature and the Governor.

The department is referring two projects back to the Legislature in order to terminate funding because the projects have not moved forward:

Essex Water and Sewer District: The district was awarded a TSEP grant in 2001, in the amount of \$225,000, to replace the existing deficient system by constructing a deep well in a known productive aquifer, constructing chlorination facilities, replacing the distribution system in public right-of-way with 4" PVC pipe, connecting all existing services, and constructing a 30,000-gallon storage tank. The district signed a contract with MDOC, but has not performed any other start-up requirements. The funding package proposed by the district at the time the application was submitted was not considered to be viable, since the district was proposing to obtain mostly grant funds to construct the proposed project from programs that it was not likely to receive grant funds from; therefore, as anticipated, the district has not been able to obtain the other grants and the project has not moved forward.

Florence County Water and Sewer District: The district was awarded a TSEP grant in 2001, in the amount of \$500,000, to construct a centralized wastewater system. The district signed a contract with the department, but since then, the residents within the district decided that they did not want a centralized wastewater system and the district turned back its other grant funds.

Terminating these two projects would allow the department to recapture \$238,184 that was awarded by the 2001 Legislature. The department is not recommending that the entire \$725,000 be made available to the 2007 biennium applicants, because there are still four grants that were awarded by the 2001 Legislature that will need access to the remaining funds. The interest earnings received from the treasure state endowment fund during the 2003 biennium were less than what had been projected, and it is only because some projects, such as the two above, failed to utilize the TSEP funds that there is sufficient interest earnings to fund the remaining projects. While the remaining projects have not moved forward yet, it is only because of financial issues, and they are expected to be resolved. As a result, the department recommends that the Legislature keep the remaining funding intact for these other projects.

Appropriate Funds From the Treasure State Endowment Regional Water System Fund to Provide the State's Share for Regional Water System Projects During the Biennium

Finally, HB 11 appropriates funds from the treasure state endowment regional water system fund to provide the state's share for regional water system projects during the biennium. There are two federally authorized regional water projects in Montana one of which has moved to the construction phase, Fort Peck - Dry Prairie, and the second has moved to the final design phase, Rocky Boy - North Central. Two additional regional water systems are in the planning stages, the Musselshell Valley Regional Municipal Water Project and the Dry-Redwater Project.

The funds would be appropriated to the Department of Natural Resources and Conservation (DNRC), which manages those funds and the regional water projects. The DNRC has the oversight responsibility for these projects and currently administers both administrative contracts and construction contracts with the state

regional water authorities associated with the two federal projects. Contact John Tubbs, DNRC, at 444-6687 for more information about the regional water system projects and this appropriation.

PART 4

FUNDS AVAILABLE TO THE 2005 LEGISLATURE

Under 17-5-703, MCA, there is a separate sub-fund called the treasure state endowment fund (the "TSE fund"), established within the coal severance tax trust fund (the "trust") to generate ongoing funding for TSEP projects. As a sub-fund of the trust, the TSE fund principal is afforded the same constitutional protection as the principal in the trust. The Montana constitution states, "The principal of the trust shall forever remain inviolate unless appropriated by a vote of three-fourths of the members of each house of the Legislature."

On July 1, 1993, \$10 million was transferred from the trust to the TSE fund, and 50 percent of the coal severance taxes started transferring from the trust to the TSE fund each year for a 20-year period. In 1999, the Legislature increased the percent of the coal severance taxes earmarked for the TSE fund from 50 percent to 75 percent. Beginning on July 1, 2003, the percent of the coal severance taxes earmarked for the TSE fund returned to 50 percent as a result of legislation passed by the 2001 Legislature. The 2001 Legislature also extended the number of years that coal severance taxes transfer from the trust to the TSE fund; the flow of coal severance taxes will terminate in 2016 instead of 2013.

The diagram on the next page illustrates the mechanics of the flow of funds into the trust, and then into the treasure state endowment fund. The interest earnings on the principal of the TSE fund provide the funds for administering the program and for the TSEP grants. Table 1 on page 14 shows the actual deposits into the TSE fund, along with the interest earnings, from FY 1994 to FY 2004.

The Governor's Office of Budget and Program Planning (OBPP) projects that \$17,134,000 in interest earnings would be available for the 2007 biennium. In addition, the department proposes a beginning fund balance of \$264,392, which includes:

- ❑ \$238,184 recovered from 2003 biennium projects if the grants for Florence and Essex are terminated,
- ❑ \$2,204 from 2003 biennium preliminary engineering grant funds not utilized,
- ❑ \$21,129 from 2003 biennium emergency grant funds not utilized, and
- ❑ \$2,875 from 2003 biennium administration budget not spent).

Based on the OBPP revenue projections, \$15,638,802 would be available for matching construction grants during the 2007 biennium after subtracting out the proposed expenditures of \$1,759,590, which includes:

- ❑ \$1,003,590 for TSEP administrative expenses,
- ❑ \$56,000 for DNRC administrative expenses,
- ❑ \$600,000 for preliminary engineering grants, and
- ❑ \$100,000 for emergency grants.

The amount that is ultimately provided for the matching construction grants is subject to change as a result of the actual expenses incurred and actual fund earnings received during the biennium. The fund earnings can change as a result of the actual coal severance taxes received by the state and the rate of interest that the TSE fund earns.

DIAGRAM 1

Coal Severance Tax Deposits into the Coal Trust Fund Effective July 1, 2003

(50 percent of total coal severance tax collections)

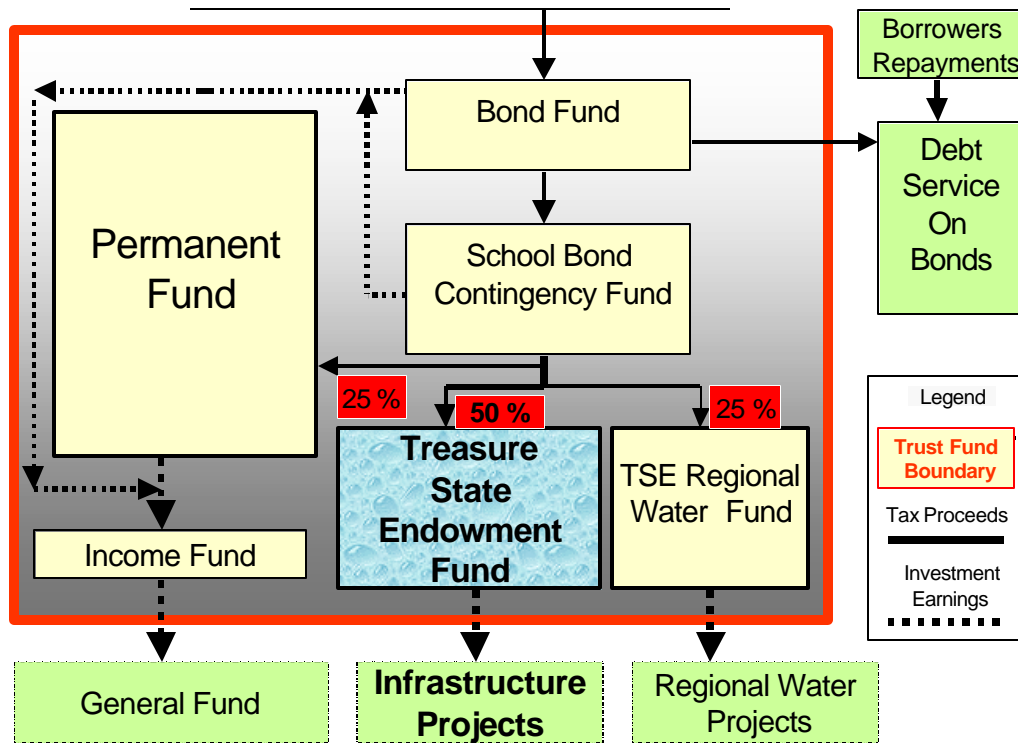


TABLE 1

**ACTUAL COAL SEVERANCE TAX DEPOSITS INTO THE
TREASURE STATE ENDOWMENT FUND
AND ACTUAL INTEREST EARNINGS**

Operating Year	Annual Deposits To The TSE Fund (Principal)	Cumulative TSE Fund Principal	Annual Interest Earnings	Cumulative Interest Earnings
Initial Deposit	\$10,000,000			
FY '94	\$9,809,476	\$19,809,476	\$928,696	\$928,696
FY '95	\$9,910,610	\$29,720,086	\$1,810,151	\$2,738,847
FY '96	\$8,787,910	\$38,507,996	\$2,916,499	\$5,655,346
FY '97	\$9,151,139	\$47,659,135	\$3,453,907	\$9,109,253
FY '98	\$8,720,156	\$56,379,291	\$4,250,377	\$13,359,630
FY '99	\$8,361,643	\$64,740,934	\$4,772,585	\$18,132,215
FY '00	\$12,189,836	\$76,930,770	\$5,123,375	\$23,255,590
FY '01	\$10,733,368	\$87,664,138	\$5,801,525	\$29,057,114
FY '02	\$11,646,533	\$99,310,671	\$6,804,840	\$35,861,953
FY '03	\$10,597,412	\$109,908,083	\$7,175,069	\$43,037,023
FY '04	\$6,651,367	\$116,559,450	\$8,073,637	\$51,110,660

PART 5

TSEP APPLICATION EVALUATION, RANKING AND RECOMMENDATION PROCESS

Process MDOC Uses to Recommend TSEP Projects for Funding

The process that the department uses to make its funding recommendations is based on the following principles:

1. In compliance with the intent of the statute, the applicants' scores on the seven statutory priorities provide the overall rank order of applicants;
2. The statute also requires the department and the Governor to recommend the form and amount of the TSEP financing. Applicants with water, wastewater and solid waste projects are only recommended for a grant if their projected user rates at the completion of the project will be at or above the applicant's "target rate." The applicant's target rate is a predetermined benchmark or "target" based on a percentage of the community's median household income. If a grant is not recommended, a TSEP loan may be recommended if a loan source has not already been identified; and
3. Projects that appear to have major technical or financial feasibility problems may not be recommended for funding, or may have conditions placed on the proposed project in order to ensure the department that the concerns will be mitigated.

STEP ONE OF THE PROCESS, RANKING OF PROJECTS BASED ON THE SEVEN STATUTORY PRIORITIES

Based on state statute (90-6-710 (2), MCA), and the precedents established by the department, the Governor, and the Legislature in the past funding cycles, the department uses a two-step process to develop the recommendations provided to the Governor and the Legislature. In the first step, the applications are scored and ranked according to the seven statutory priorities. The seven statutory priorities consider the extent to which the proposed projects:

1. Solve urgent and serious public health or safety problems and enable local governments to meet state or federal health or safety standards;
2. Reflect greater need for financial assistance than other projects;
3. Incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;
5. Reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources;
6. Enable local governments to obtain funds from sources other than TSEP;
7. Provide long-term, full-time job opportunities for Montanans, or provide public facilities necessary for the expansion of a business that has a high potential for financial success, or Maintain or do not discourage expansion of the tax base; and

8. Are high local priorities and have strong community support.

The TSEP applications were analyzed by the department's staff and consulting engineers. The department contracted with eight engineering firms to review and analyze each of the preliminary engineering reports submitted with the applications. The consulting engineers met as a team, along with the department's TSEP ranking team, to score the first and third statutory priorities for each application. The department's TSEP ranking team scored the remainder of the seven statutory priorities. The ranking team used a consensus approach in applying the scoring criteria to assure consistency and fairness. With the exception of statutory priority #2, the scoring of each statutory priority is scored using five scoring levels with each scoring level being pre-defined. The pre-defined scoring levels for each of the statutory priorities are described at the end of this section.

In order to score statutory priority #2 (financial need), the department analyzes each applicant's relative financial need compared to other like applicants. This financial assessment uses two indicators:

Indicator 1. Economic Condition of Households Analysis - This indicator provides a comparative measure of the ability of the applicant's citizens to pay for public utility services and taxes, and accounts for 40 percent of the score for statutory priority #2. It consists of ranking each applicant in relation to the community's "median household income" (MHI), the percent of persons in the jurisdiction at or below the level designated as "low to moderate income" (LMI), and the percent of persons at or below the level designated as "poverty". MHI is calculated by the U.S. Bureau of the Census as the amount of household income above and below which the household incomes in a jurisdiction are equally distributed. In other words, there are as many households with incomes above MHI as there are below MHI. These three statistics - MHI, LMI and poverty - provide a means of identifying concentrations of population that have relatively less ability to pay for public services.

Each of the three sub-indicators account for one-third of the total score for indicator #1. Being ranked 1st indicates that the community has the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for indicator #1 based on five scoring levels. The highest scoring level is assigned to the group of applicants with the most severe household economic conditions.

Indicator 2. Financial Analysis - The second indicator accounts for 60 percent of the score for statutory priority #2. The type of analysis used depends on the type of project.

Water, Wastewater, or Solid Waste Projects

For water, wastewater, and solid waste projects, the analysis is based on "target rate analysis." The analysis is used by the department to help determine the amount of grant funds a community needs to ensure that user rates will be reasonably affordable for its citizens. Target rate analysis compares the applicant's projected user rates to predetermined benchmarks or "targets." Target user rates are based on a percentage of the MHI of the community.

Target rate percentages were computed by surveying communities throughout Montana. The average, monthly water, wastewater, and solid waste rates currently paid by the communities surveyed were compared to each of their individual MHI's in order to determine a ratio. These ratios were then averaged and the following target rate percentages were derived: 1.4 percent for water systems, 0.9 percent for wastewater systems, and 0.3 percent for solid waste systems.

The target rate analysis compares the applicant's projected user rate to its target rate. An applicant's target rate was computed by multiplying the community's MHI by the appropriate target rate percentage. For applicant's that have both a water and wastewater system, the combined rates were analyzed using a

combined target rate percentage of 2.3 percent. This is done to ensure that the low rates for an applicant's wastewater system did not ignore high rates that are being charged for the water system (or vice versa), thereby understating an applicant's need for financial assistance.

Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for indicator #2 is based on five scoring levels. The highest scoring level is assigned to the group of applicants with the highest projected rates relative to their target rate.

Bridge Projects

The financial analysis of application's proposing a bridge project were analyzed in a different manner, since they are funded through general taxes, as compared to user fees which are used to fund most water, wastewater, or solid waste infrastructure projects. Instead, the analysis for the bridge projects looked at past efforts by applicants to finance their bridge systems using property taxes.

The financial analysis for bridge applicants is primarily based on two sub-indicators. The first sub-indicator measures the residential property tax burden as a percentage of the county's MHI. This is accomplished by evaluating the residential portion of both the property tax levy for bridges and total mill levy, as a percentage of MHI. The purpose of this sub-indicator is to measure the property tax burden on residential taxpayers relative to other counties, and more specifically, the residential property tax burden related to taxes being levied for bridges. By looking at what counties were levying for bridges in 2003, the department has determined that the median county property tax levy for bridges statewide is approximately equal to .041 percent of a county's MHI. The median is computed using only those counties that use some local property tax revenues to fund their bridge systems. For counties with an all purpose levy, the analysis used that portion of the levy that is used for its bridge system. In order for a county to be competitive in the financial analysis, it should be currently levying for bridges, and/or have committed to levy for bridges in the next budget year, an amount equal to or greater than .041 percent of a county's MHI. The state median in 2003 for the total residential property tax burden is 2.67 percent of a county's MHI. Counties that are levying an amount equal to or greater than the state median were also more competitive in the financial analysis.

The second sub-indicator measures the effects of changes in the applicant's ability to levy taxes. This is accomplished by evaluating changes in mill value, number of bridge mills levied, and the actual bridge levy. In general, in order for a county to be competitive in the financial analysis, it should be levying for bridges, or have committed to it for the next year, an amount equal to or greater than what was being levied in 1986 (the year that the taxation restrictions imposed by Initiative 105 took effect). However, if a county is levying less than it was in 1986, the department took into account decreases in the county's mill value and whether the number of bridge mills was increased in an attempt to maintain the bridge levy at a level similar to 1986.

Final Competitive Ranking Score on Statutory Priority #2 - The results from indicators 1 and 2 were added together on a weighted basis to determine an applicant's final score on statutory priority #2.

After each of the statutory priorities has been scored, the projects are arrayed in rank order from the most points to the least amount of points. This information is presented in the following pages in Table 2 – Scoring of the Seven Statutory Priorities and Final Ranking Recommendations for the 2007 Biennium.

<insert> Table 2 – SCORING OF THE TSEP STATUTORY PRIORITIES AND FINAL RANKING
RECOMMENDATIONS FOR THE 2007 BIENNIUM

Step Two of the Process – Financial Assistance Analysis

The second step of the process requires the department to make recommendations on the form and amount of financing. The department's recommendations on the amount of grant funding for each application is summarized in Table 3 – Financial Assistance Analysis/Grant Award Recommendations for the 2007 Biennium on the next page. Details on the basis for the department's recommendation concerning the form and amount of funding for each application are found in the individual reports for each project in Part 6.

Water, Wastewater, or Solid Waste Projects

The amount of the grant award recommendation for water, wastewater and solid waste projects is based on whether the applicant has proposed to have user rates at or above the applicant's target rate. In conducting the analysis, the department used only 90 percent of the target rate as the basis for comparison against actual rates. This provides local governments with a "margin" or "cushion," which can be used to meet emergencies or other facility needs that may be unknown at this time.

It has been the policy of the department, Governor and past Legislatures that TSEP grants should only be awarded for water, wastewater and solid waste projects when the projected user rates would be at or above the applicant's target rate. As a result, some of the department's recommendations reduced the amount from what was requested by the applicant in order to ensure that each funding "package" results in projected user rates being at least at the target rate.

Bridge Projects

The amount of the grant award recommendation for bridge projects is based on the degree to which counties have attempted to fund their bridge systems and the impact of restrictions on their ability to levy taxes. The analysis is essentially the same as described earlier for bridges. If it does not appear that a county sufficiently funded their bridge system given their ability to levy taxes, MDOC may recommend reducing the amount of the grant award or recommending no grant funding for the applicant. After taking into consideration property tax levies and other funds that applicants added to their bridge budgets, the Department determined that all of the applicants with bridge projects were reasonably funding their bridge systems given their financial limitations.

Conclusion

The process of evaluating and ranking TSEP applications is complex because of the numerous review elements, differences between applicants, and the complexities of the different types of community infrastructure and the financing methods for each. The Department stressed objectivity and fairness in the procedures used to evaluate and score all TSEP applications.

While no system is perfect, the methodology used in the financial analysis of water, wastewater and solid waste projects represents fourteen years of effort to develop a system that analyzes relative financial need and capacity, that is fair and equitable to all applicants. The Department's financial analysis methodology used for water, wastewater and solid waste projects is considered a model nationally and was highlighted at the Council of State Community Development Agencies infrastructure workshop held in Washington D.C. in 1996.

<insert> Table 3 - FINANCIAL ASSISTANCE ANALYSIS/GRANT AWARD RECOMMENDATIONS FOR THE
2007 BIENNIUM

PART 6

TSEP APPLICATION (PROJECT) REPORTS FOR THE 2007 BIENNIUM

Index of Reports

<u>Project No.</u>	<u>Name of Applicant</u>	<u>Page No.</u>
Project #1	St. Ignatius, Town of	26
Project #2	Rudyard County Water and Sewer District.....	31
Project #3	Carter Chouteau County Water and Sewer District	35
Project #4	Cascade, Town of	40
Project #5	Madison County	45
Project #6	Lewis and Clark County	53
Project #7	Stillwater County	60
Project #8	Seeley Lake Sewer District.....	66
Project #9	Dodson, Town of	72
Project #10	Conrad, City of	76
Project #11	Sweet Grass County.....	81
Project #12	Havre, City of	87
Project #13	Powell County	92
Project #14	Mineral County.....	98
Project #15	Glacier County	103
Project #16	Malta, City of	110
Project #17	Crow Tribe	115
Project #18	Libby, City of	121
Project #19	Big Horn County.....	126
Project #20	Custer Area-Yellowstone County Water and Sewer District	131
Project #21	Hill County	136
Project #22	Glasgow, City of.....	141
Project #23	Valier, Town of .....	.....
145		
Project #24	Sheridan, Town of	149
Project #25	Beaverhead County	154
Project #26	Whitefish, City of.....	158
Project #27	Richland County.....	162
Project #28	Upper-Lower River Road Water and Sewer District	167
Project #29	Laurel, City of	173
Project #30	Ennis, Town of	178
Project #31	Choteau, City of	182
Project #32	Missoula County.....	187
Project #33	Miles City, City of	191
Project #34	Yellowstone County	196
Project #35	Ranch County Water and Sewer District	200
Project #36	Hysham, Town of	205
Project #37	Carbon County	210
Project #38	Spring Meadows County Water District.....	215
Project #39	Woods Bay Homesites Lake County Water and Sewer District	220
Project #40	Circle, Town of.....	.....

224

Project #41	Fairfield, Town of.....	229
Project #42	Sun Prairie Village County Water and Sewer District.....	234
Project #43	Ryegate, Town of.....	238
Project #44	Chester, Town of.....	243
Project #45	Shelby, City of	248
Project #46	Bearcreek, Town of.....	253
Project #47	Bigfork County Water and Sewer District.....	258

GLOSSARY OF ABBREVIATIONS USED IN THE TSEP APPLICATION (PROJECT) REPORTS

'	.....feet
"	.....inch
AASHTO	.....American Association of State Highway and Transportation Officials (refers to road and bridge standards)
BIA	.....Bureau of Indian Affairs
BLM	.....Bureau of Land Management
BOD	.....Biochemical oxygen demand (a water quality measurement)
BOR	.....Bureau of Reclamation
CDBG	.....Community Development Block Grant Program (MDOC)
CEDS	.....Comprehensive Economic Development Strategy
CIP	.....Capital improvements plan
cfs	.....cubic feet per second
DEQ	.....Montana Department of Environmental Quality
DNRC	.....Montana Department of Natural Resources and Conservation
EDA	.....Economic Development Agency (U.S. Department of Commerce)
EDU	.....Equivalent Dwelling Unit
EPA	.....U.S. Environmental Protection Agency
fps	.....feet per second
FEMA	.....Federal Emergency Management Administration
FW&P	.....Montana Department of Fish, Wildlife and Parks
gal	.....gallons
gpd	.....gallons per day
gpm	.....gallons per minute
GPS	.....Global Positioning System
GWUDISW	.....Groundwater Under the Direct Influence of Surface Water
HDPE	.....High density polyethylene (type of plastic pipe)
HUD	.....U.S. Department of Housing and Urban Development
IHS	.....Indian Health Services
I&I	.....Infiltration and inflow (engineering analysis term)
INTERCAP	.....Intermediate Term Capital Program (Board of Investments)
ISO	.....Insurance Services Office

LMILow and moderate income

MCL.....Maximum contaminant level (a water quality measurement)

MDOC.....Montana Department of Commerce

MEDAMontana Economic Development Association

MDT.....Montana Department of Transportation

mg/lMilligrams per liter

MHI.....Median household income

MOAMemorandum of understanding

MPDES.....Montana Pollutant Discharge Elimination System

NANot Applicable (typically refers to the fact that an applicant does not have either a water or wastewater system)

NBINational Bridge Inspection Coding Guide

NEPA.....National Environmental Protection Act

NFNational Forest

NPDESNational Pollutant Discharge Elimination System

O&MOperation and maintenance

PER.....Preliminary engineering report

PILT.....Payment in lieu of tax

psipounds per square inch

PVC.....Poly vinyl chloride (type of plastic pipe)

RC&D.....Resource Conservation & Development

RDU.S. Department of Agriculture, Rural Development

RIDRural Improvement District

RRGL.....Renewable Resource Grant and Loan Program (DNRC)

SRFState Revolving Loan Fund (Water and Wastewater) Programs (DEQ)

STAG.....State and Tribal Assistance Grant (EPA)

TSEPTreasure State Endowment Program (MDOC)

TSSTotal Suspended Solids (a water quality measurement)

USFS.....U.S. Forest Service

UVUltraviolet

WRDA.....Water Resource Development Act

APPENDIX A

TSEP STATUTES

The Treasure State Endowment Program is a state-funded program designed to assist communities in financing public facilities projects. The program was authorized by Montana's voters with the passage of Legislative Referendum 110 on June 2, 1992. The law has been codified as Sections 90-6-701 through 90-6-710, MCA. The Treasure State Endowment Regional Water Fund was created by the 1999 Legislature and has been codified in Section 90-6-715, MCA.

90-6-701. Treasure state endowment program created -- definitions. (1) (a) There is a treasure state endowment program that consists of:

- (i) the treasure state endowment fund established in 17-5-703;
- (ii) the infrastructure portion of the coal severance tax bond program provided for in 17-5-701(2).

(b) The treasure state endowment program may borrow from the board of investments to provide additional financial assistance for local government infrastructure projects under this part, provided that no part of the loan may be made from retirement funds.

(2) Interest from the treasure state endowment fund and from proceeds of the sale of bonds under 17-5-701(2) may be used to provide financial assistance for local government infrastructure projects under this part and to repay loans from the board of investments.

(3) As used in this part, the following definitions apply:

(a) "Infrastructure projects" means:

- (i) drinking water systems;
- (ii) wastewater treatment;
- (iii) sanitary sewer or storm sewer systems;
- (iv) solid waste disposal and separation systems, including site acquisition, preparation, or monitoring;

or

(v) bridges.

(b) "Local government" means an incorporated city or town, a county, a consolidated local government, a tribal government, or a county or multi-county water, sewer, or solid waste district.

(c) "Treasure state endowment fund" means the coal severance tax infrastructure endowment fund established in 17-5-703(1)(b).

(d) "Treasure state endowment program" means the local government infrastructure investment program established in subsection (1).

(e) "Tribal government" means a federally recognized Indian tribe within the state of Montana.

90-6-702. Purpose. The purpose of the treasure state endowment program is to assist local governments in funding infrastructure projects that will:

- (1) create jobs for Montana residents;
- (2) promote economic growth in Montana by helping to finance the necessary infrastructure;
- (3) encourage local public facility improvements;
- (4) create a partnership between the state and local governments to make necessary public projects affordable;
- (5) support long-term, stable economic growth in Montana;
- (6) protect future generations from undue fiscal burdens caused by financing necessary public works;
- (7) coordinate and improve infrastructure financing by federal, state, local government, and private sources; and

- (8) enhance the quality of life and protect the health, safety, and welfare of Montana citizens.

90-6-703. Types of financial assistance available. (1) The legislature shall provide for and make available to local governments the following types of financial assistance under this part:

- (a) matching grants for local infrastructure projects;
 - (b) annual debt service subsidies on local infrastructure projects; and
 - (c) loans from the proceeds of coal severance tax bonds at a subsidized interest rate.
- (2) The department of natural resources and conservation and the department of commerce:
- (a) may adopt rules to commit to interest rate subsidies for local infrastructure projects and may allow the subsidies to be paid over the life of the loan or bonding period; and
 - (b) may make deferred loans to local governments for preliminary engineering study costs. The applicant shall repay the loans whether or not the applicant succeeds in obtaining financing for the full project. Repayment may be postponed until the overall construction financing is arranged.

90-6-704 through 90-6-708 reserved.

90-6-709. Agreements with tribal governments. (1) Agreements with tribal governments in Montana entered into under this part must contain, in addition to other appropriate terms and conditions, the following conditions:

- (a) a requirement that in the event that a dispute or claim arises under the agreement, state law will govern as to the interpretation and performance of the agreement and that any judicial proceeding concerning the terms of the agreement will be brought in the district court of the first judicial district of the state of Montana;
 - (b) an express waiver of the tribal government's immunity from suit on any issue specifically arising from the transaction of a loan or grant; and
 - (c) an express waiver of any right to exhaust tribal remedies signed by the tribal government.
- (2) Agreements with tribal governments must be approved by the secretary of the United States department of the interior whenever approval is necessary.

(Effective July 1, 2005) 90-6-710. Priorities for projects -- procedure -- rulemaking. (1) The department of commerce must receive proposals for projects from local governments as defined in 90-6-701(3)(b). The department shall work with a local government in preparing cost estimates for a project. In reviewing project proposals, the department may consult with other state agencies with expertise pertinent to the proposal. The department shall prepare and submit a list containing the recommended projects and the recommended form and amount of financial assistance for each project to the governor, prioritized pursuant to subsection (3). The governor shall review the projects recommended by the department and shall submit a list of recommended projects and the recommended financial assistance to the legislature.

(2) In preparing recommendations under subsection (2), preference must be given to infrastructure projects based on the following order of priority:

- (a) projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards;
- (b) projects that reflect greater need for financial assistance than other projects;
- (c) projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;
- (d) projects that reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources;
- (e) projects that enable local governments to obtain funds from sources other than the funds provided under this part;
- (f) projects that provide long-term, full-time job opportunities for Montanans, that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain the

tax base or that encourage expansion of the tax base; and

(g) projects that are high local priorities and have strong community support.

(3) After the review required by subsection (2), the projects must be approved by the legislature.

(4) The department shall adopt rules necessary to implement the treasure state endowment program.

APPENDIX B

SEVEN STATUTORY PRIORITIES, SCORING CRITERIA, AND SCORING LEVEL DEFINITIONS

TSEP Application Scoring System

The TSEP enabling statute requires MDOC to submit a list of recommended projects for TSEP funding, giving preference according to seven priorities, and to recommend the form and amount of financial assistance for each. In order to evaluate applications, each TSEP applicant is required to submit a narrative as part of its application, which describes the relationship of the proposed project to the TSEP statutory priorities. Each application is assigned points based upon the extent to which the proposed project is consistent with each statutory priority, using five possible point levels, as follows:

The Proposed Project Most Closely	Maximum Possible Points
Meets the Intent of the Statutory Priority	Four-Fifths Possible Points
	Three-Fifths Possible Points
	Two-Fifths Possible Points
The Proposed Project Least Closely	One-fifth Possible Points
Meets the Intent of the Statutory Priority	

The total number of points assigned to each TSEP application is based upon its cumulative response to the seven statutory priorities for TSEP projects.

Statutory Order of Priority for TSEP Projects

A declining numerical score has been assigned to each succeeding priority to reflect its importance. The TSEP statutory priority and the numerical score for each are listed below, in order of priority.

	<u>Maximum Possible Points</u>
Statutory Priority #1 (Urgent or Serious Health or Safety Problems, or Compliance with State or Federal Standards)	1,000 Points
Statutory Priority #2 (Greater Financial Need)	900 Points
Statutory Priority #3 (Appropriate Design and Long-term Solution)	800 Points
Statutory Priority #4 (Planning and Management of Public Facilities)	700 Points

Statutory Priority #5 (Funds from Other Sources)	600 Points
Statutory Priority #6 (Long-term, Full-time Jobs, Business Expansion, or Maintenance of Tax Base)	500 Points
Statutory Priority #7 (Community Support)	400 Points
Total	4,900 Points

The Total Maximum Possible Number of Points = 4,900 Points

TSEP Statutory Priorities and Scoring Criteria

The following lists the seven TSEP statutory priorities, along with the major issues that are considered by MDOC in evaluating each applicant's response.

Statutory Priority #1 **1,000 Possible Points**

Projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards.

- a. Does a serious deficiency exist in a basic or necessary community public facility or service, such as the provision of a safe domestic water supply or does the community lack the facility or service entirely, and will the deficiencies be corrected by the proposed project?
- b. Have serious public health or safety problems that are clearly attributable to a deficiency occurred, or are they likely to occur, such as illness, disease outbreak, substantial property loss, environmental pollution, or safety problems or hazards?
- c. Is the problem existing, continual, and long-term, as opposed to occasional, sporadic, probable or potential?
- d. Is the entire community, or a substantial percentage of the residents of the community, seriously affected by the deficiency, as opposed to a small percentage of the residents?
- e. Is there clear documentation that the current condition of the public facility (or lack of a facility) violates a state or federal health or safety standard (as opposed to a design standard)?
- f. Does the standard that is being violated represent a significant threat to public health or safety?
- g. Is the proposed TSEP project necessary to comply with a court order or a state or federal agency directive?
- h. Are there any reliable and long-term management practices that would reduce the public health or safety problems?
- i. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #2 **900 Possible Points**

Projects that reflect greater need for financial assistance than other projects.

This priority assesses the applicant's need for financial assistance by examining each applicant's relative financial need compared to other applicants. The financial assessment will determine whether an applicant's need for TSEP assistance is greater than other applicants.

Applicants will be ranked and points awarded, using a computer-assisted financial assessment that makes a comparative analysis of financial indicators. This process is conducted using two competitive ranking indicators that evaluate the relative financial need of each applicant. The analysis for the first indicator is common to all applicants, while the analysis for the second indicator depends on the type of project. Based on an applicant's relative financial need, an applicant can potentially receive up to 900 points.

Statutory Priority #3

800 Possible Points

Projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs.

- a. Does the PER provide all of the information as required by the Uniform PER outline, and did the analysis address the entire system in order to identify all potential deficiencies?
- b. Does the proposed project completely resolve all of the deficiencies identified in the PER? If not, does the proposed project represent a complete component of a long-term master plan for the facility or system, and what deficiencies will remain upon completion of the proposed project?
- c. Are the deficiencies to be addressed through the proposed project the deficiencies identified with the most serious public health or safety problems? If not, explain why the deficiencies to be addressed through the proposed project were selected over those identified with greater public health or safety problems
- d. Were all reasonable alternatives thoroughly considered, and does the technical design proposed for the alternative chosen represent an efficient, appropriate, and cost-effective option for resolving the local public facility need, considering the size and resources of the community, the complexity of the problems addressed, and the cost of the project?
- e. Does the technical design proposed thoroughly address the deficiencies selected to be resolved and provide a reasonably complete, cost-effective and long-term solution?
- f. Are all projected costs and the proposed implementation schedule reasonable and well supported? Are there any apparent technical problems that were not adequately addressed that could delay or prevent the proposed project from being carried out or which could add significantly to project costs?
- g. Have the potential environmental problems been adequately assessed? Are there any apparent environmental problems that were not adequately addressed that could delay or prevent the proposed project from being carried out or which could add significantly to project costs?
- h. For projects involving community drinking water system improvements, has the conversion to a water metering system for individual services been thoroughly analyzed and has the applicant decided to install meters? In those cases where individual service connection meters are not proposed, has the applicant's PER thoroughly analyzed the conversion to a water metering system and persuasively demonstrated that the use of meters is not feasible, appropriate, or cost effective?
- i. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #4

700 Possible Points

Projects that reflect substantial past efforts to ensure sound, effective long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources.

- a. Have there been substantial past efforts to deal with public facilities problems through a long-term commitment to capital improvement planning and budgeting, and if necessary, by raising taxes, hook-up charges, user charges or fee schedules to the maximum reasonable extent?
- b. Have reasonable operation and maintenance budgets and practices been maintained over the long-term, including adequate reserves for repair and replacement?
- c. If there are indications that the problem is not of recent origin, or has developed because of inadequate operation and maintenance practices in the past, has the applicant thoroughly explained the circumstances and described the actions that management will take in the future to assure that the problem will not reoccur?
- d. Has the applicant demonstrated a long-term commitment to community planning in order to provide public facilities and services that are adequate and cost effective?
- e. For projects involving drinking water system improvements, has the applicant installed individual service connection meters to encourage conservation and a more equitable assignment of user costs, and has the applicant adopted and implemented a wellhead protection plan for ground water.
- f. Is the proposed project consistent with current plans (such as a local capital improvements plan, growth policy, transportation plan, or any other development-related plan) adopted by the applicant?
- g. In cases where the applicant has received state or federal grants or loans for public facility improvements, did the applicant adequately perform its project management responsibilities as required by the funding programs?
- h. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #5

600 Possible Points

Projects that enable local governments to obtain funds from sources other than TSEP.

- a. Has the applicant made serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate public or private sources, to finance or assist in financing the proposed project?
- b. How viable is the proposed funding package
- c. Is TSEP's participation in the proposed project essential to obtaining funds from sources other than TSEP?
- d. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #6

500 Possible Points

Projects that provide long-term, full-time job opportunities for Montanans, that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain or encourage expansion of the tax base.

- a. Will the proposed TSEP project directly result in the creation or retention of a substantial number of long-term, full-time jobs for Montanans?
- b. Will the proposed TSEP project directly result in a business expansion? Is the business

- expansion dependent upon the proposed project in order to proceed?
- c. Has the applicant provided a business plan for the specific firm(s) to be expanded as a result of the proposed TSEP project? If yes, is it a realistic, well-reasoned business expansion proposal and does it clearly demonstrate that the firm to be assisted by the proposed public facilities has a high potential for financial success if TSEP funds are received?
- d. Will the proposed TSEP project maintain or encourage expansion of the private property tax base?
- e. In situations where a private sector alternative could be reasonably appropriate and capable of providing a long-term, cost-effective solution, did the applicant seriously evaluate the option of utilizing the private sector to resolve the identified public facility problem?
- f. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #7

400 Possible Points

Projects that are high local priorities and have strong community support.

- a. Has the applicant encouraged active citizen participation, including at least one public hearing or meeting held not more than 12 months prior to the date of the application, to discuss the proposed TSEP project with the affected community residents?
- b. Has the applicant informed local citizens and affected property owners of the estimated cost per household of any anticipated increases in taxes, special assessments, or user charges that would result from the proposed project?
- c. Has the applicant assessed its public facility needs, established priorities for dealing with those needs through an officially adopted capital improvements plan (or other comparable plan), and is the proposed TSEP project a high priority of that plan?
- d. Are the local citizens and affected property owners in support of the project?
- e. Is there any other pertinent information that might influence the scoring of this statutory priority?

Scoring Level Definitions

Note: There are numerous variables involved in scoring each of the seven statutory priorities. As a result, the point level ultimately assigned may have been higher or lower than what the scoring level definitions would typically suggest.

Statutory Priority #1 - Projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards.

The scoring level assigned for projects with multiple phases that plan to pursue additional TSEP/CDBG funds for later phases were based on the phase of the proposed project for which TSEP funds are being requested and the specific deficiencies that would be resolved. If the applicant did not clearly defined what will be accomplished in the proposed project, for which TSEP funds are being requested, and which deficiencies would be resolved, the scoring level may have been reduced.

Level 1 The Applicant did not demonstrate that it has a deficiency in its *(type)* system that could seriously affect the public's health and safety.

- ☐ Typically, this level is assigned when the applicant does not submit the required

preliminary engineering information that would allow the TSEP staff to adequately evaluate the needs of the system.

- ❑ This level may also be assigned when the applicant was unable to document a serious or credible threat to public health and safety or the environment. The claimed deficiency may be related to routine operations and maintenance issues.

Level 2 The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the *(type)* system may potentially occur at some point in the future if the deficiencies are not corrected. However, the problems have not been documented to have occurred yet and the deficiencies are not considered to be a serious threat to public health or safety.

- ❑ This level may also be assigned if the applicant has not adequately shown that the deficiencies, which would otherwise be scored at a higher level, would be resolved.

Level 3 The Applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the *(type)* system are likely to occur in the long-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. These serious problems have a high probability of occurrence after chronic exposure and a moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact.

Level 4 The Applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the *(type)* system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. These serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Level 5 The Applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the *(type)* system have occurred or are imminent. These serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

Statutory Priority #2 – Projects that reflect greater need for financial assistance than other projects.

This priority will be automatically scored using a computer analysis that is based on predetermined parameters. However for some types of projects, such as bridge projects, that are not analyzed using the automated target rate analysis, the point level scores for the second financial indicator will be manually inserted into the automated analysis. In addition, the computer assigned score may be manually increased if the applicant adequately documents that dramatic economic or demographic changes have occurred since the 2000 census.

Statutory Priority #3 - Projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs.

Level 1 The Applicant did not demonstrate that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The application did not provide sufficient information to properly review the proposed project.

Either the preliminary engineering report was not submitted with the application, or if it was submitted, did not address numerous critical issues needed to evaluate the project proposed by the Applicant.

- Level 2 The Applicant weakly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report was incomplete and there were some significantly important issues that were not adequately addressed, which raised serious questions regarding the appropriateness of the solution selected by the Applicant.
- Level 3 The Applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. While the preliminary engineering report is generally complete, there were some potentially important issues that were not adequately addressed. However, it does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the Applicant.
- Level 4 The Applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the Applicant.
- Level 5 The Applicant clearly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were no issues of any significance that were not adequately addressed.

Statutory Priority #4 - Projects that reflect substantial past efforts to ensure sound, effective long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources.

- Level 1 The applicant did not demonstrate that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, or to resolve its infrastructure problems with local resources.
- ☐ Typically, this level is assigned if the current condition of the system is attributable to grossly inadequate operation and maintenance budgets and poor maintenance practices, and, as a result, has not maintained the system in proper working condition. In addition, the applicant has not adequately taken advantage of other measures that could have improved the situation of the system.
- Level 2 The applicant did not adequately demonstrate that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.
- ☐ Typically, this level is assigned if the applicant appears to have inadequate operation and maintenance budgets and practices that do not appear to be reasonable, which have contributed to the deficiencies that will be resolved by the proposed project. In

addition, the applicant has not adequately described how it will ensure that these practices will not be continued.

- ☐ Typically, this level is assigned if the applicant has reasonable operation and maintenance budgets and practices, but has not documented that it has taken advantage of the various types of planning tools available, such as a capital improvements plan, or the proposed project does not appear to be consistent with the goals and objectives of adopted plans.
- ☐ Typically, this level is assigned if the applicant recently formed as a County Water and Sewer District to take over the operation of an existing private system.

Level 3 The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

- ☐ Typically, the applicant has documented that it has reasonable operation and maintenance budgets and practices, and has generally attempted to maintain the system in proper working condition.
- ☐ This level may also be assigned if the applicant appears to have inadequate operation and maintenance budgets and practices, but has clearly described how it will ensure that these practices will not be continued. This would especially apply in situations when County Water and Sewer Districts have been formed to take over the operation of a system operated by a county through an RSID. However, the applicant must clearly demonstrate that the problems are not likely to reoccur.
- ☐ Typically, this level is assigned when the applicant has reasonable operation and maintenance budgets and practices, but has documented that it has only recently started to utilize some of the various types of planning tools available, such as a capital improvements plan, and the proposed project promotes the goals and objectives of those plans.

Level 4 The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

- ☐ Typically, the applicant has documented that it has reasonable operation and maintenance budgets and practices, and has generally maintained the system in proper working condition.
- ☐ Typically, this level is assigned when the applicant has documented that it also utilized one or more of the various types of planning tools available, such as a capital improvements plan (CIP), for more than two years, the CIP is actively used and updated regularly, and the proposed project promotes the goals and objectives of those plans.

Level 5 The applicant conclusively demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

- ☐ Typically, the applicant has documented that it has reasonable operation and maintenance budgets and practices, and has generally maintained the system in proper working condition.

- ❑ Typically, this level is assigned when the applicant has documented that it also utilizes multiple forms of the various types of planning tools available, such as a capital improvements plan (CIP), for many years, the CIP is actively used and updated regularly, and the proposed project promotes the goals and objectives of those plans.

Statutory Priority #5 - Projects that enable local governments to obtain funds from sources other than TSEP.

Important Notes

Due to the uncertainty of being able to pass a bond election or create a SID/RID, the scoring level for this priority may have been reduced for any local government that is required to have a bond election or create a SID/RID and it has not yet taken place. The scoring level was less likely to be reduced if the local government provided reasonable documentation that it will likely be able to pass the bond election or create the SID/RID.

An applicant was not scored down if it chose not to include a particular source of funding as part of the financial package, as long as it was adequately discussed and there is reasonable justification for not pursuing the funds.

- Level 1 The applicant did not demonstrate that the project would enable the local government to obtain funds from sources other than TSEP. The funding package for the proposed project does not appear to be reasonable or viable, since there are major obstacles that could hinder the applicant from obtaining the funds from the proposed funding sources.
- ❑ Typically, this level is assigned when the applicant does not submit the required financial information that would allow the TSEP staff to adequately evaluate the funding package.
 - ❑ This level is also assigned if the funding package does not appear to be viable and it is unclear how the project could move forward.
- Level 2 The applicant did not adequately demonstrate that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated limited efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project appears to have problems and may not be viable. There are potentially major obstacles that would hinder the applicant from obtaining the funds from the proposed funding sources.
- ❑ Typically, this level is assigned when the applicant's efforts to examine appropriate funding sources was grossly inadequate, and/or the funding package for the proposed project appears to have numerous potential problems that could affect its viability.
- Level 3 The applicant sufficiently demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

- ❑ Typically, this level is assigned when the applicant appears to have a potentially viable funding package, but has not thoroughly examined all of the appropriate funding sources.

Level 4 The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

- ❑ Typically, this level is assigned when the applicant has documented that it has thoroughly examined all of the appropriate funding sources, and appears to have a viable funding package.

Level 5 The applicant conclusively demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources. In addition, the applicant adequately documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward.

- ❑ Typically, this level is assigned when the applicant has documented that it has thoroughly examined all of the appropriate funding sources, appears to have a potentially viable funding package, and it appears that the TSEP funds are vital to the proposed project moving forward. TSEP funding might be considered critical to the project if there are no other reasonable grants or loan sources available to help finance the project. Loans would be considered a reasonable alternative if projected user rates without TSEP funds would still be less than 150% of the target rate, or when property taxes levied for bridges are less than .041% of the MHI and the total property taxes levied are less than 2.67% of the MHI.

Statutory Priority #6 - Projects that provide long-term, full-time job opportunities for Montanans, or that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain or that encourage expansion of the tax base.

Level 1 The applicant did not demonstrate that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement to an area that is residential only, and it does not appear to be necessary for providing any job opportunities or business development. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

- ❑ Typically, this level is assigned when only residential areas are affected and there is no reasonable potential for economic development other than home-based businesses that do not require the improvements to be made in order to continue to operate or to start-

up. (If the improvements are required in order for home-based businesses to continue to operate or to start-up, they must be permitted uses within the residential development. Applicants must clearly demonstrate the necessity for the improvements. These situations will be scored at one of the higher levels based on the specifics of the situation.)

Level 2 The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities (or provide the infrastructure needed for housing that is necessary for an expanding workforce related to a specific business development). However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the (*type*) system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

- ☐ Typically, this level is assigned when both residential and commercial areas would be indirectly benefited, because the project would not directly benefit any specific businesses or directly result in the retention or creation of new jobs.

Level 3 The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities, and cited various businesses that would benefit by the proposed improvements. However, the applicant did not adequately document that the proposed project would directly result in the expansion of a specific business, or the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the (*type*) system. The proposed improvements should maintain and possibly add to the tax base if any business expansion occurs.

- ☐ Typically, this level is assigned when the proposed project appears to directly benefit specific businesses, but it has not been adequately demonstrated through documentation that business expansion or the retention or creation of new jobs will result from the infrastructure improvements or that they are dependent upon the infrastructure improvements.

Level 4 The applicant strongly demonstrated that the proposed project is necessary for economic development. The proposed project would provide the infrastructure necessary for the possible expansion of businesses that would likely have a high potential for financial success. The applicant cited a specific business that would be dependent on the proposed improvements being made and provided sufficient documentation to justify this position. However, the applicant did not provide the detailed documentation, such as a business plan, that would demonstrate the viability of the business and that would verify that the proposed project would be necessary for the expansion of a specific business. The business expansion would likely provide specific long-term, full-time job opportunities for Montanans, other than those related to the construction or operation of the (*type*) system. The proposed project would add to the tax base if the business expansion occurs.

- ☐ Typically, this level is assigned when the project would directly benefit specific businesses and would likely result in the retention or creation of new jobs with reasonable certainty, and the business expansion or new jobs are clearly dependent

upon the proposed project. The applicant must reasonably demonstrate through documentation that jobs will be created or retained, or that a business expansion will take place as a result of the infrastructure improvements.

Level 5 The applicant conclusively demonstrated that the proposed project is necessary for economic development. The proposed project is necessary to provide the infrastructure necessary for businesses that have a high potential for financial success and that would provide long-term, full-time job opportunities for Montanans. The applicant provided business plans describing the expansion of a business(es) and provided documentation supporting the probable creation or retention of long-term, full-time jobs. The business plan persuasively demonstrated the viability of the business proposal and verified that the proposed project would be necessary for the expansion of the business to proceed. The proposed project would very likely add to the tax base.

- ☐ Typically, this level is assigned when the project would unquestionably directly benefit specific businesses, would definitely result in the creation of new jobs or is essential to the retention of existing jobs, the business expansion or jobs are clearly dependent upon the proposed project, and the viability of the business proposal has been clearly demonstrated.

Statutory Priority #7 - Projects that are high local priorities and have strong community support.

Level 1 The applicant did not demonstrate that the proposed project is a high priority or has the support of the community. The applicant's efforts to inform the public about the project were grossly inadequate.

- ☐ Typically, this level is assigned to an applicant that has not documented that it held a public meeting within the 12 months prior to submitting the application, or take other actions to inform the public about the project.
- ☐ This level may also be assigned if it appears that there is essentially no public support for the project. This may be demonstrated by a high percent of the applicant's constituency being against the project, or when the public has clearly stated that the proposed user rates would not be acceptable.

Level 2 The applicant did not adequately demonstrate that the proposed project is a high priority and has the support of the community. The applicant documented that it held a public hearing or meeting (or the public was reasonably informed about the proposed project in a timely manner), but did not inform the community about the cost of the project and the impact on user rates.

- ☐ Typically, this level is assigned to applicants that held a meeting about the proposed project, but did not adequately document that it informed the public about the estimated costs of the proposed project and the impact per household.
- ☐ This level may be assigned to an applicant even though there was no public meeting if there is sufficient documentation indicating that the public has been informed to a reasonable extent about the proposed project.
- ☐ This level may also be assigned if it appears that there is limited public support for the project; numerous people are against the project and could potentially cause the project to not move forward.

- Level 3 The applicant sufficiently demonstrated that the proposed project is a high priority and has community support. The applicant documented that it held at least one public hearing or meeting, and has sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household.
- ❑ Typically, this level is assigned to an applicant that has documented that it held at least one public meeting to inform the public about the proposed project and its estimated cost and the impact per household.
 - ❑ Applicants may be assigned this or a higher level if there is sufficient documentation showing that the applicant held at least one meeting and there is a reasonable indication that the applicant provided information about the cost of the proposed project to the public. (This same note also applies to Levels 4 and 5.)
- Level 4 The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.
- ❑ Typically, this level is assigned to an applicant that has documented that it held multiple public meetings to inform the public about the proposed project and its estimated cost and the impact per household, and has taken additional actions to prioritize its needs and inform the public.
- Level 5 The applicant conclusively demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its estimated cost and the impact per household. In addition, the applicant provided documentation to show that the project is clearly a high local priority and strongly supported by the public.
- ❑ Typically, this level is assigned to applicants that has documented that it held multiple public meetings to inform the public about the proposed project and its estimated cost and the impact per household. The applicant has taken a variety of actions to prioritize its needs and ensure the public is well informed about the project. This level is only assigned when the applicant has demonstrated that the proposed project is clearly and strongly supported by the community.

APPENDIX C

STATUS OF UNCOMPLETED TSEP PROJECTS THAT WERE PREVIOUSLY APPROPRIATED FUNDING

A complete list of projects that have been awarded TSEP funds since 1993, including projects that have been completed, can be found at the program's Internet site http://commerce.state.mt.us/CDD_TSEP.asp.

(Note: Reader may need to refer to glossary of abbreviations on pages 24 and 25)

Projects Approved by the 1993 Legislature

Twenty-four projects were funded with TSEP grants totaling \$4,134,458. All of the projects have been completed and closed-out.

Projects Approved by the 1995 Legislature

Fifteen projects were funded with TSEP grants totaling \$4,991,029. All but one of the projects have been completed and closed-out.

NAME OF RECIPIENT	East Glacier Park Water and Sewage District (Glacier County)	
PROJECT TYPE	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant/Blackfeet Tribe
	\$ 500,000	TSEP Grant/Browning
	\$ 306,555	TSEP Grant/E. Glacier
	\$ 500,000	CDBG Grant/Browning
	\$ 800,000	Indian CDBG Grant
	\$ 500,000	EDA Grant
	\$ 720,000	EPA Grant
	\$ 1,500,000	Tribal Housing
	\$ 800,000	Indian Health Services
	\$ 100,000	RD Grant
	<u>\$ 6,279,234</u>	RD Loan
TOTAL	\$12,505,789	

PROJECT SUMMARY: The district provides drinking water to approximately 400 people in Glacier County from an unfiltered surface water source. The district is under a DEQ boil order and is required to install water treatment facilities by 1996. The project, as originally proposed, was to include the construction of a surface water treatment plant. The scope of the project has been modified, whereby the district and the Town of Browning would receive water from a new water treatment plant being constructed by the Blackfeet Tribe. The funding for this treatment plant and transmission mains include the funds provided to East Glacier.

PROJECT STATUS: The intake and transmission line to East Glacier are constructed, the treatment plant was advertised in the fall of 2003 however bids were nearly double project estimates. The transmission line

to Browning is in design.

Projects Approved by the 1997 Legislature

Twenty-two projects were funded with TSEP grants totaling \$9,052,735. All of the projects have been completed and closed-out.

Projects Approved by the 1999 Legislature

Twenty-eight projects were funded with TSEP grants totaling \$12.3 million.

NAME OF RECIPIENT	Arlee Water and Sewer District (Lake County)	
PROJECT TYPE	New Wastewater System	
FUNDING	\$ 500,000	TSEP Grant
	\$ 500,000	CDBG Grant
	\$ 12,745	DEQ Grant
	\$ 320,000	Salish and Kootenai Tribal Grant
	\$ 1,000	Local Funds
	\$ 792,100	RD Loan
	<u>\$1,517,800</u>	RD Grant
TOTAL	\$3,643,645	

PROJECT SUMMARY: Lack of a sewage disposal and/or a public water supply system for the district's lots which are located in close proximity to each other has created the following deficiencies: increasing nitrate contamination in district wells, moratorium on new sewer installation near and in the community by the county, potential for contamination of area wells during time of drought when there is a high demand on the aquifer, and 64 Safe Drinking Water violations in eight public service establishments. Major elements of the project include constructing a wastewater collection and treatment system.

PROJECT STATUS: Construction substantially complete.

NAME OF RECIPIENT	Augusta Water and Sewer District (Lewis and Clark County)	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 500,000	CDBG Grant
	\$ 506,000	SRF Loan
	<u>\$ 37,484</u>	Local Funds
TOTAL	\$1,543,484	

PROJECT SUMMARY: The district's wastewater system is operating under a DEQ recommended moratorium on new hookups since it has several deficiencies including: inadequate in size, lagoon leaks excessively, no MPDES discharge permit even though there is a discharge line, has accumulated 1.5' of sludge, no room for expansion, substandard sewer line extensions, and sewer mains with less than desirable slopes. Major elements of the project included replacing the existing single cell lagoon with a new total retention treatment facility, and replacing substandard sewer main extensions and connections.

PROJECT STATUS: A certificate of substantial completion was issued December 2001. However, the project has not been conditionally closed out because of on-going discussions related to punch-list items and subcontractors collecting on the general contractor's payment bond.

NAME OF RECIPIENT	Cut Bank
PROJECT TYPE	Water System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$ 100,000 RRGL Grant
	\$2,304,000 RD Grant/Loan
	<u>\$ 22,500</u> Local Funds
TOTAL	\$2,926,500

PROJECT SUMMARY: The city's water system deficiencies include: at least one intake pipe is plugged and one is broken leaving only one pipe to collect water for the city; no raw water storage to provide uninterrupted clean water when agricultural waste upstream from Cut Bank is washed into the creek and contaminates the city's source of water; one part of the distribution system has undersized water lines resulting in very low water pressure and nearly non-existent fire flows during irrigation season; a one million gallon reinforced concrete water storage tank is deteriorating and is in danger of the roof collapsing; a one million gallon steel standpipe has features that cause extremely low water pressure in the "booster district;" and a severely deteriorated distribution system. Major elements of the project include constructing a 63 million gallon raw water reservoir, rehabilitating the intake structure, replacing the existing treatment plant clarifier, providing standby power, updating plant controls, constructing upper loop distribution main, constructing a new concrete tank and rehabilitating the existing one, rehabilitating the booster station and repairing the standpipe.

PROJECT STATUS: The project was split into two phases and the first phase has been completed. Phase 2, which TSEP will help fund, includes the raw water reservoir and the water pump station, and is in final design with construction expected Spring 2005.

NAME OF RECIPIENT	La Casa Grande Water and Sewer District (Lewis and Clark County)
PROJECT TYPE	Water System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$ 100,000 RRGL Grant
	<u>\$ 650,000</u> SRF Loan
TOTAL	\$1,250,000

PROJECT SUMMARY: The existing water system is owned and operated by a private company. The district has not been able to negotiate an agreement with the owner of the existing system either to improve the system or to transfer ownership of the system to the district. The private water system has the following deficiencies: fire protection is at a minimum. The local volunteer fire department does not recognize the current water system as a useable source for fire suppression due to low water pressure, the four wells currently being utilized provide an inadequate water supply to satisfy water use demands, and lack of water prevents lawns from being irrigated to mitigate the lead contamination from the ASARCO lead smelter, thus creating a potential adverse health impact to children. Major elements of the project include constructing a new water storage tank, fire hydrants, water mains, and water services.

PROJECT STATUS: Construction completed; closeout report is pending.

NAME OF RECIPIENT	Rae Water and Sewer District (Gallatin County)
PROJECT TYPE	Wastewater Treatment System
FUNDING	\$ 485,850 TSEP Grant
	\$ 517,340 Local Funds
	\$ 372,927 CDBG Grant
	\$ 100,000 RRGL Grant
	\$ 550,000 RD Grant

	<u>\$ 400,000</u>	RD Loan
TOTAL	\$2,426,177	

PROJECT SUMMARY: The district has nowhere to discharge its wastewater effluent and it has excessive leakage from its lagoons. The major elements of the project include constructing a sequencing batch reactor treatment system with treated water discharged directly to groundwater.

PROJECT STATUS: Construction complete and conditionally closed out.

NAME OF RECIPIENT	Willow Creek Sewer District (Gallatin County)	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 283,000	RD Grant
	\$ 250,400	RD Loan
	<u>\$ 5,000</u>	Local Funds
TOTAL	\$1,038,000	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: The treatment system has outgrown the capacity of its treatment system which is now frequently overloaded, raw or partially treated wastewater is discharged from the plant resulting in a built up of sludge in a drainage ditch that leads from the treatment plant to the Jefferson River. Major elements of the project include constructing a lagoon treatment system.

PROJECT STATUS: Under construction.

Projects Approved by the 2001 Legislature

Thirty-two projects were funded with TSEP grants totaling \$13.67 million.

NAME OF RECIPIENT	Alder Water and Sewer District (Madison Co.)	
TYPE OF PROJECT	Wastewater System	
FUNDING	\$ 500,000	TSEP Grant
	\$ 500,000	CDBG Grant
	\$ 100,000	RRGL Grant
	\$ 25,000	Local Funds
	\$ 464,500	RD Grant
	<u>\$ 181,000</u>	RD Loan
TOTAL	\$1,770,500	

PROJECT SUMMARY: The district lacks a centralized wastewater system and the following problems: the groundwater table rises to within 1' to 4' of the ground surface causing on-site treatment systems to fail, wells have experienced contamination, there is a moratorium on any proposed new on-site systems; those wishing to repair or replace existing failed systems must receive a variance, and several local businesses have been placed under state orders to improve or replace their current wastewater treatment systems or connect to a municipal system that will accept their wastewater. Major elements of the project include abandoning the existing on-site septic tank/drainfield systems and constructing a centralized wastewater system with a conventional gravity collection system, a treatment facility with two facultative storage lagoons, and spray irrigation for discharge in the summer months.

PROJECT STATUS: Construction completed and conditionally closed out.

NAME OF RECIPIENT	Ashland County Water and Sewer District (Rosebud Co.)	
TYPE OF PROJECT	Wastewater System	
FUNDING	\$ 500,000	TSEP Grant
	\$ 100,000	RRGL Grant
	\$ 385,500	CDBG Grant
	\$ 185,000	Coal Board Grant
	\$ 115,000	EDA Grant
	\$ 678,000	RD Loan
	\$ 194,000	RD Grant
	<u>\$ 52,059</u>	Local Funds
TOTAL	\$2,209,559	

PROJECT SUMMARY: The district lacks a centralized wastewater system and there are measurable impacts to water supplies occurring as a result of contamination from the septic systems. Major elements of the project include constructing a centralized wastewater system utilizing a lagoon treatment system with wetlands for effluent polishing, and infiltration basins for final discharge.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Blackfeet Tribe and Browning	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant/Blackfeet Tribe
	\$ 500,000	TSEP Grant/Browning
	\$ 306,555	TSEP Grant/E. Glacier
	\$ 500,000	CDBG Grant/Browning
	\$ 800,000	Indian CDBG Grant
	\$ 500,000	EDA Grant
	\$ 720,000	EPA Grant
	\$ 1,500,000	Tribal Housing
	\$ 800,000	Indian Health Services
	\$ 100,000	RD Grant
	<u>\$ 6,279,234</u>	RD Loan
TOTAL	\$12,505,789	

PROJECT SUMMARY: Browning water system has the following deficiencies: limited ground water supply, and high iron and manganese content. East Glacier provides drinking water to approximately 400 people in Glacier County from an unfiltered surface water source, is under a DEQ boil order, and is required to install water treatment facilities. The Blackfeet Tribe joined with these two communities to resolve their problems by providing water to them. Major elements of the project include constructing a treatment plant on Lower Two Medicine Lake, storage, and transmission lines to East Glacier and Browning.

PROJECT STATUS: The intake and transmission line to East Glacier are constructed, the treatment plant was advertised in the fall of 2003 however bids were nearly double project estimates. The transmission line to Browning is in design. All start-up conditions have been met with the exception of a management plan. The Tribe has stated that the TSEP funds are to be used for the construction of the transmission line to Browning.

NAME OF RECIPIENT	Charlo Sewer District (Lake Co.)	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant

	\$ 100,000	RRGL Grants
	\$1,449,700	RD Loan
	<u>\$ 42,000</u>	Local Funds
TOTAL	\$2,091,700	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: the existing cell has inadequate volume, the single cell allows very limited process control or flexibility, the cell banks are eroded, there are no primary measuring devices, the existing lift station cannot pump the required volume at peak flows, an accumulation of 50 years of sludge has decreased the effective volume of the cell, discharges often violate the limits of the current MPDES permit, the current system cannot meet the new ammonia level requirements, and effluent seeps through the cell banks. Major elements of the project include constructing an aerated cell along with constructed wetlands, a new lift station, and replacing the collection main from Charlo to a new lift station.

PROJECT STATUS: Final design completed; bid plans and specifications have been submitted to DEQ. Bids to be called for in early 2005.

NAME OF RECIPIENT	Choteau
TYPE OF PROJECT	Wastewater System Improvements
FUNDING	\$ 500,000 TSEP Grant
	<u>\$1,028,975</u> SRF Loan
TOTAL	\$1,528,975

PROJECT SUMMARY: The city's wastewater system has the following deficiencies: the collection system is generally located below the groundwater table, and the old pipe, with open joints in the old clay tile materials, is allowing large quantities of clear water to infiltrate into the system, resulting in surcharging of the sewer, sewage backups, and hydraulic overloading of the treatment system. Major elements of the project include replacing or rehabilitating 21,700' of collection lines, and rehabilitating 45 manholes.

PROJECT STATUS: Construction completed; closeout pending.

NAME OF RECIPIENT	Essex Water and Sewer District (Flathead Co.)
TYPE OF PROJECT	Water System Improvements
FUNDING	\$ 225,000 TSEP Grant
	\$ 50,000 RRGL Grant
	\$ 165,000 EDA Loan
	\$ 307,697 RD Grant
	\$ 14,595 RD Loan
	\$ 15,000 Unknown (the TSEP amount awarded was reduced by \$15,000 from the original amount requested)
	<u>\$ 50,000</u> Local Funds
TOTAL	\$ 827,292

PROJECT SUMMARY: The district's water system has the following deficiencies: inadequate screening at the intake allows forest debris and mud to enter the system during periods of high run-off, the chlorination facility is sub-standard in terms of ventilation and chlorine segregation, sustained power outages occur frequently, rendering pumping facilities associated with other area water systems inoperable, small diameter distribution mains are buried two feet or less in the ground and freeze frequently in areas where the snow cover is removed for vehicle access, large portion of the transmission main is laid on top of the ground or is covered by 2' or less of forest duff, the cast iron transmission main is deteriorating, and an elevated 40,000 gallon storage tank is aging. Major elements of the project include constructing a deep well in a known

productive aquifer, constructing chlorination facilities, replacing the distribution system in public right of way with 4" PVC pipe, connecting all existing services, and constructing a 30,000-gallon storage tank.

PROJECT STATUS: The contract has been signed, but none of the other start-up conditions have been met. The district has not submitted an application to either EDA or RD. Furthermore, the EDA staff has stated to the TSEP staff that EDA will not be funding this project. The RD staff has also stated that it would not likely be providing a grant to the district. The department is recommending in HB 11 that the TSEP grant for this project be terminated.

NAME OF RECIPIENT	Eureka
TYPE OF PROJECT	Water System Improvements
FUNDING	\$ 369,000 TSEP Grant
	\$ 619,999 SRF Loan
	<u>\$ 95,920</u> Local Funds
TOTAL	\$ 838,000

PROJECT SUMMARY: The town's water system has the following deficiencies: the infiltration gallery has been classified as Groundwater Under the Direct Influence of Surface Water, leaking distribution lines, undersized distribution lines, inadequate fire flow, and no meters. Major elements of the project include improving the existing deep well, adding chlorine system, constructing a dedicated line from infiltration gallery chlorine feed point to water tank, adding baffles to water tank, adding corrosion control, replacing line from West Ave. to Pinkham Road with 8" PVC, and installing 475 meters.

PROJECT STATUS: Construction completed; the closeout report is pending MDOC approval.

NAME OF RECIPIENT	Florence Water and Sewer District (Ravalli Co.)
TYPE OF PROJECT	Wastewater System
FUNDING	\$ 500,000 TSEP Grant
	\$ 500,000 CDBG Grant
	\$ 100,000 RRGL Grant
	\$2,000,000 STAG Grant
	\$1,490,500 RD Grant
	<u>\$1,864,500</u> RD Loan
TOTAL	\$6,455,000

PROJECT SUMMARY: The district lacks a centralized wastewater system and there is measurable impacts to water supplies occurring as a result of contamination from the septic systems currently being utilized. Major elements of the project include constructing centralized wastewater system lagoon treatment system, utilizing wetlands for effluent polishing, and infiltration basins for final discharge.

PROJECT STATUS: TSEP contract signed, but none of the other start-up conditions have been met. Since signing the contract, the district has decided not to move forward with the project. The department is recommending in HB 11 that the TSEP grant for this project be terminated.

NAME OF RECIPIENT	Froid
TYPE OF PROJECT	Wastewater System Improvements
FUNDING	\$ 390,600 TSEP Grant
	\$ 434,400 CDBG Grants
	<u>\$ 66,000</u> SRF Loan
TOTAL	\$ 891,000

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: sewer main plugs resulting in raw sewage backing up into buildings, increased operation and maintenance costs due to current sewer main flushing/cleaning requirements, infiltration/inflow problems, and rising electrical consumption due to lift stations frequently operating to handle the infiltration entering the collection system. Major elements of the project include replacing approximately 9,000' of sewer mains and 31 manholes.

PROJECT STATUS: Construction recently completed; closeout pending.

NAME OF RECIPIENT	Havre
TYPE OF PROJECT	Water System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$ 271,500 SRF Loan
	<u>\$ 271,500</u> SRF Loan (SID)
TOTAL	\$1,043,000

PROJECT SUMMARY: The city's water system has the following deficiencies: the South End and Highland Park areas are serviced by one elevated storage tank, a major break in the storage tank main feed line will interrupt water service to 75 percent of the residents, the occasional use of the second water tank causes a change of flow through the water line, the reversal of flow can free oxides that have built up in the pipe, causing the water to temporarily turn black or brown (indication of excess particulate manganese) and occasionally red (indication of excess particulate iron), which is then carried into the homeowner's lines, and several dead-end lines in the area south of the high school in the Heritage Addition and the newly developed subdivisions in the county. Major elements of the project include: extending a 12" water line along the Southern edge of the city, changing the location of some of the existing valves, and looping dead-end lines.

PROJECT STATUS: The department's contract with the city was terminated at the request of the city, since it decided not to proceed with the project. The TSEP funds will be needed by other projects, awarded funding during 2003 biennium, that have not yet moved forward.

NAME OF RECIPIENT	Hinsdale Water and Sewer District (Valley Co.)
TYPE OF PROJECT	Wastewater System Improvements
FUNDING	\$ 329,000 TSEP Grant
	\$ 100,000 RRGL Grant
	\$ 169,000 CDBG Grant
	\$ 55,000 SRF Loan
	<u>\$ 8,000</u> Local Funds
TOTAL	\$ 661,000

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: treatment system is 25 years old and beyond its useful life, numerous fecal, BOD, and TSS permit violations, collection pipes are undersized, collection pipes are cracked and have root penetration, collection pipes leak, steel channels that form the walkway around the aeration chamber are rusted through and unsafe, and the plant's grating and channel supports are corroded. Major elements of the project include constructing a new treatment system adjacent to the existing system, rehabilitating the old system to provide a back-up, and replacing an unspecified amount of collection pipe.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Hot Springs
TYPE OF PROJECT	Water System Improvements
FUNDING	\$ 500,000 TSEP Grant

	\$ 100,000	RRGL Grant
	\$ 263,147	CDBG Grants
	\$ 800,000	RD Grant
	\$ 975,600	RD Loan
	<u>\$ 7,000</u>	Local Funds
TOTAL	\$2,645,747	

PROJECT SUMMARY: The town's water system has the following deficiencies: aging and an inadequate distribution of fire hydrants, 10,600' of undersized distribution mains, leaking distribution lines, old and leaking galvanized service lines, old and breaking cast iron pipe, dead-end mains, inadequate isolation valving, and negative water pressure in some parts of town when using fire hydrants. Major elements of the project include replacing all the galvanized services, replacing 25,700' of cast iron mains with PVC pipe, installing 60 isolation valves, and replacing or adding 55 fire hydrants.

PROJECT STATUS: Construction completed; closeout pending.

NAME OF RECIPIENT	Kevin	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 385,000	TSEP Grant
	\$ 367,332	CDBG Grant
	\$ 8,980	RRGL Planning Grant
	\$ 6,848	MDEQ Grant
	<u>\$ 96,726</u>	SRF Loan
TOTAL	\$ 859,886	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: frequent BOD violations, the lift station and wet well have reached the end of their useful life, no backup power source, and ground water is infiltrating into the collection system. Major elements of the project include constructing a new accelerated facultative lagoon facility, removing sludge from the existing lagoons utilizing liquid dredging and land application, disassembling the existing lagoon cells, replacing lift station pumps and motors, rehabilitating the existing wet well, and installing a backup power supply for the lift station.

PROJECT STATUS: Construction recently completed; closeout pending.

NAME OF RECIPIENT	Lambert Co. Water and Sewer District (Richland Co.)	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 403,000	TSEP Grant
	\$ 268,000	CDBG Grant
	\$ 50,000	Coal Board Grant
	\$ 62,600	Local Bank Loan
	<u>\$ 25,000</u>	Local Funds
TOTAL	\$ 808,600	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: high levels of fluoride, water source fails to meet DEQ requirements regarding source capacity and number of sources, and breakage's in water service connections have allowed coliform bacteria to infiltrate the water system. Major elements of the project include: constructing a new reverse osmosis water treatment facility, drilling a new well, installing water meters, and replacing water service connections.

PROJECT STATUS: Final design complete and water meters have been bid out.

NAME OF RECIPIENT	Lockwood Water and Sewer District (Yellowstone Co.)	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$3,801,000	EPA Grant
	\$ 100,000	RRGL Grant
	\$4,236,453	RD Loan
	<u>\$ 51,000</u>	Local Funds
TOTAL	\$8,688,453	

PROJECT SUMMARY: The district lacks a centralized wastewater system wastewater system and the following problems: there is a high percentage of drain field failures and limited or no space for replacement fields, with a high potential for groundwater contamination. Major elements of the project include constructing a sanitary sewer collection system for the district. Wastewater would be pumped across the Yellowstone River for treatment and disposal at the City of Billings Wastewater Treatment Plant. The first phase would include construction of the trunk main from the wastewater treatment plant, boring under the Yellowstone River, and extending approximately two miles to Johnson Lane. This would also involve constructing two pumping stations.

PROJECT STATUS: Contract has been signed, but no other start-up conditions have been met. The district has held three unsuccessful bond elections to date. The district is anticipating that legislation being proposed during the 2005 Legislature will alter the requirements needed to pass a bond election. If that bill passes, the district would hold another election in the attempt to pass the bond.

NAME OF RECIPIENT	Manhattan	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 500,000	CDBG Grant
	\$ 100,000	RRGL Loan
	\$ 779,949	SRF Loan (Phase 1)
	\$ 843,369	SRF Loan (Phase 2)
	<u>\$ 2,750</u>	Local Funds
TOTAL	\$2,726,068	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: high groundwater, deteriorated collection lines, gaps in joints of vitrified clay pipes, severe root intrusions in the older collection lines, deteriorated manholes, abandoned flush tanks in collection lines which prevent pipe maintenance, high maintenance requirements associated with repeated line back ups and basement flooding, BOD and fecal coliform violations, excessive seasonal leakage out of treatment cells, inadequate sewage treatment due to hydraulic overloading, inadequate sewage treatment resulting from overloading of the design BOD and TSS, and elevated nitrates in the shallow aquifer in the vicinity of the lagoon. The project consists of two phases. Phase I will be completed with funding from an SRF loan and will ready the project for Phase II improvements. Phase I improvements include: replacing deteriorated collection lines and manholes, removing and disposing of sludge from the lagoons, and land acquisition for waster treatment expansion. Major elements of the Phase II project when TSEP funds would be used include: lining and modifying the existing lagoons into aerated facultative lagoons, and constructing storage and spray irrigation system.

PROJECT STATUS: TSEP has issued a notice to proceed. The project is split into two phases with TSEP helping to finance the second phase. The first phase is completed, and the second phase is under design.

NAME OF RECIPIENT	Power/Teton Co. Water and Sewer District
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TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 425,000	TSEP Grant
	\$ 400,000	SRF Loan
	<u>\$ 100,000</u>	Local Funds
TOTAL	<u>\$ 925,000</u>	

PROJECT SUMMARY: The district's water system has the following deficiencies: treatment plant is outdated and sub-standard, and no back-up treatment system. Major elements of the project include: pilot testing of conventional treatment versus membrane technology to determine the best treatment alternative, and constructing a new treatment plant.

PROJECT STATUS: Construction completed; closeout pending.

NAME OF RECIPIENT	Richland Co.	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	\$ 296,500	TSEP Grant
	<u>\$ 296,500</u>	Local Funds
TOTAL	<u>\$ 593,000</u>	

PROJECT SUMMARY: The county has three timber constructed bridges (West John Berger Bridge, Savage Spillway Bridge, South Cemetery Road Bridge) with a variety of deficiencies. The project consists of replacing all three bridges.

PROJECT STATUS: Construction completed; closeout pending.

NAME OF RECIPIENT	Shelby	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 676,500	SRF Loan
	<u>\$ 61,500</u>	Local Funds
TOTAL	<u>\$1,238,000</u>	

PROJECT SUMMARY: The city's water system has the following deficiencies: deteriorating and leaking cast iron and asbestos cement water lines, small lines and line crossings (4") that result in inadequate water volume and pressure that prevent adequate fire flows throughout the city, and fire hydrants that are old and have become faulty or inoperable. Major elements of the project included replacing all 4" and 6" cast iron and asbestos cement lines with 6", 8" and 12" PVC pipe (a total of 12,225'), replacing 45-4" street water line crossings, and replacing 40 faulty fire hydrants and relocating three fire hydrants.

PROJECT STATUS: Construction completed; closeout of the project is pending MDOC approval.

NAME OF RECIPIENT	Stanford	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 100,000	RRGL Grant
	\$ 990,000	RD Loan
	<u>\$ 16,500</u>	Local Funds
TOTAL	<u>\$1,606,500</u>	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: single cell lagoon design configuration does not meet state design standards and detention time is only 79 days, lagoon is

nearly full of sludge, BOD and TSS violations, outlet control provides inadequate control of flow rate and pond level, 70-year old clay sewer pipe is structurally inadequate, has holes and cracks, and is at risk of imminent failure. Major elements of the project include: replacing 2,800' of outfall pipe to the lagoon, replacing 5,800' feet of 8" and 10" diameter sewer trunk lines, removing sludge from the lagoon, and upgrading the lagoon to a three-cell system.

PROJECT STATUS: Construction completed; closeout pending.

NAME OF RECIPIENT	Yellowstone Co.
TYPE OF PROJECT	Bridge System Improvements
FUNDING	\$ 300,000 TSEP Grant
	<u>\$ 320,761</u> Local Funds
TOTAL	\$ 620,761

PROJECT SUMMARY: The county has two bridges (Shiloh Road Bridge and South 32nd Street West Bridge) with a variety of deficiencies. The project consists of replacing both bridges.

PROJECT STATUS: Construction completed; closeout pending.

Projects Approved by the 2003 Legislature

Forty projects were funded with TSEP grants totaling \$15.65 million.

NAME OF RECIPIENT	Beaverhead County District (Wisdom)
TYPE OF PROJECT	Wastewater System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$ 500,000 CDBG Grant
	\$ 100,000 RRGL Grant
	\$ 74,700 RD Grant
	<u>\$ 91,300</u> RD Loan
TOTAL	\$1,266,000

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: an undersized treatment facility, discharge of untreated wastewater, and leaking lagoon cells that potentially will contaminate the groundwater. Major elements of the project include: rehabilitating and lining two existing cells, constructing one additional lined treatment/storage pond, and installing an irrigation system for land discharge.

PROJECT STATUS: Project is in final design, construction expected to begin in Spring 2005.

NAME OF RECIPIENT	Black Eagle District
TYPE OF PROJECT	Wastewater System Improvements
FUNDING	\$ 214,200 TSEP Grant
	<u>\$ 214,200</u> Local Funds
TOTAL	\$ 428,400

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: clay tile pipe without gaskets allowing leakage, inflow infiltration and root problems, and occasional back-ups into homes,

and crumbling manholes. Major elements of the project include: replacing 3920' of sewer main and six manholes.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Blaine County
TYPE OF PROJECT	Bridge System Improvements
FUNDING	\$ 322,782 TSEP Grant
	\$ 157,782 Local Funds
	<u>\$ 165,000</u> In-Kind
TOTAL	\$ 645,564

PROJECT SUMMARY: The county has two bridges (Snake Creek Bridge and Harlem Canal Bridge with a variety of deficiencies. The project consists of replacing both bridges.

PROJECT STATUS: Construction completed; closeout pending.

NAME OF RECIPIENT	Cascade County
TYPE OF PROJECT	Bridge System Improvements
FUNDING	\$ 230,840 TSEP Grant
	\$ 210,515 Intercap Loan
	<u>\$ 27,325</u> Local Funds
TOTAL	\$ 468,680

PROJECT SUMMARY: The Eden Bridge is a one-lane bridge with numerous structural deficits. The project consists of replacing the bridge.

PROJECT STATUS: Construction completed; closeout pending.

NAME OF RECIPIENT	Chinook
TYPE OF PROJECT	Wastewater System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$1,300,000 RD Grant
	\$1,500,000 RD Loan
	<u>\$ 23,073</u> Local Funds
TOTAL	\$3,323,073

PROJECT SUMMARY: The city's wastewater system has the following deficiencies: screw pumps inadequate, only one secondary clarifier cracked drying beds, collection system has low areas, an unreliable emergency generator. Major elements of the project are: replacing the screw pumps, constructing a building over the pump station, installing an influent flow meter and two new mixers, constructing a secondary clarifier, and replacing high priority mains and manholes.

PROJECT STATUS: The project was split into two phases. Phase I consisted of replacing the pump station building and construction on this phase is complete. Phase II consists of improvements to the collection system and treatment plant improvements. Phase II is under construction.

NAME OF RECIPIENT	Conrad
TYPE OF PROJECT	Water System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$ 100,000 RRGL Grant

	\$1,350,000	STAG Grant
	\$ 400,000	RD Grant
	\$ 672,800	RD Loan
	<u>\$1,000,000</u>	WRDA Grant
TOTAL	\$4,022,800	

PROJECT SUMMARY: The city's water system has the following deficiencies: blockage of intake screens causing loss of intake, location of intake limited and sometimes non-existent during drought years. Major elements of the project include: constructing a new intake on Lake Francis, a new pump station and wet well on the south side of Lake Francis, an intake backwash, and 11,000' of transmission main.

PROJECT STATUS: Construction complete on installation of 1,000' of 16" main, appurtenant valves and fittings, and a buried concrete valve vault. Final design of the pump station and intake is complete, with construction expected to begin Spring 2005.

NAME OF RECIPIENT	Cooke City – Park County District	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 100,000	RRGL Grant
	<u>\$ 782,000</u>	RD Loan
TOTAL	\$1,382,000	

PROJECT SUMMARY: The district's water system has the following deficiencies: a spring classified as groundwater directly under the influence of surface water, shallow mains that tend to freeze, distribution system leaks, inadequate storage, and inadequate water supply causing the use of surface water requiring boil orders for safe consumption to meet demand. Major elements of the project include: replacing 7,000' of older mains and looping dead-ends, constructing a new 223,000-gallon buried steel water tank, drilling three new wells and installing meters on all service lines.

PROJECT STATUS: Project is in final design with construction expected to begin Spring 2005.

NAME OF RECIPIENT	Ekalaka	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 154,197	TSEP Grant
	\$ 212,697	CDBG Grant
	\$ 5,000	CDBG/TA Grant
	<u>\$ 5,000</u>	Local Funds
TOTAL	\$ 376,894	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: shallow lines that freeze and cause back-up in homes, high O&M costs for the lagoon, inadequate quality monitoring and no final effluent disinfection. Major elements of the project include: video inspection of all lines, replacing the shallow lines, installing static tube aeration in the lagoon and a UV disinfection system.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Gallatin County	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	<u>\$ 515,400</u>	Local Funds
TOTAL	\$1,015,400	

PROJECT SUMMARY: The county has three bridges (Cameron Bridge, Ice Pond Road Bridge and Story Hill Bridge) with a variety of deficiencies. The project consists of replacing all three bridges.

PROJECT STATUS: The Cameron Bridge and Ice Pond Bridge are in design with construction expected to begin spring, 2005. The Story Hill Bridge is under construction.

NAME OF RECIPIENT	Gardiner/Park County District	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 100,000	RRGL Grant
	\$1,067,100	SRF Loan
	<u>\$ 16,700</u>	Local Funds
TOTAL	\$1,583,800	

PROJECT SUMMARY: The district's water system has the following deficiencies: arsenic contamination is excess of the EPA maximum contaminant level and the storage tank located in Yellowstone National Park does not maintain sufficient water during high demand periods due to undersized transmission mains. Major elements of the project include: constructing an arsenic treatment plant and installing an additional 2,250' of 8" transmission main.

PROJECT STATUS: The project is in final design with construction expected to being Spring 2005.

NAME OF RECIPIENT	Geraldine	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 500,000	CDBG Grant
	\$ 100,000	RRGL Grant
	\$ 25,000	Local Funds
	<u>\$ 135,600</u>	RD Loan
TOTAL	\$1,235,660	

PROJECT SUMMARY: The town's water system has the following deficiencies: insufficient supply and storage, undersized piping and a well with objectionable taste, odor, excessive mineral concentrations including fluoride, and violate EPA's primary and secondary drinking water regulations. Major elements of the project include: constructing a 200,000-gallon storage tank, replacing undersized mains, and drilling a new well.

PROJECT STATUS: The test well drilled was not satisfactory; the storage tank and main replacement is in final design, and the bid package is being reviewed by DEQ, waiting for new well and tank site to be finalized.

NAME OF RECIPIENT	Glendive	
TYPE OF PROJECT	Stormwater System Improvements	
FUNDING	\$ 139,133	TSEP Grant
	\$ 133,500	BNSF Funds
	<u>\$ 32,450</u>	Local Funds
TOTAL	\$ 305,083	

PROJECT SUMMARY: The city's stormwater system had the following deficiencies: sediment from erosion of surrounding hills restricted the volume of stormwater that Rosser Ditch could handle causing flooding of

adjacent areas, overloading the sanitary sewer system causing discharges. The flooding of adjacent areas was compounded by the fact BNSF rail yard would flood resulting in petro-chemicals being carried into the adjacent neighborhood. The project consisted of constructing three basins to collect the sediment before it reached Rosser Ditch.

PROJECT STATUS: Construction completed; closeout pending.

NAME OF RECIPIENT	Hamilton	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 500,000	CDBG Grant
	\$ 100,000	RRGL Grant
	\$ 846,787	SRF Loan
	\$ 17,500	Local Funds
	<u>\$ 7,500</u>	TSEP/PER
TOTAL	\$1,971,787	

PROJECT SUMMARY: The city's water system has the following deficiencies: aged and undersized leaking pipes, undersized storage tank and outdated wells without wellhead protection. Major elements of the project include: constructing a new well house, drilling three new wells, installing new mains and replacing existing mains, installing five fire hydrants, constructing a one million-gallon reservoir and metering all service connections.

PROJECT STATUS: Construction completed; closeout pending.

NAME OF RECIPIENT	Hill County	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	\$ 175,803	TSEP Grant
	\$ 100,000	Local Funds
	<u>\$ 84,881</u>	In-Kind
TOTAL	\$ 360,684	

PROJECT SUMMARY: The county has three bridges (Quarter Gulch Bridge, Big Hook Bridge and Wanke Bridge) with a variety of deficiencies. The project would replace all three bridges.

PROJECT STATUS: Construction on the Wanke Bridge and Big Hook has been completed. The Quarter Gulch Bridge is under construction.

NAME OF RECIPIENT	Jordan	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 459,883	TSEP Grant
	\$ 291,060	MDT Grant
	\$ 463,838	RD Grant
	<u>\$ 14,200</u>	Local Funds
TOTAL	\$1,228,981	

PROJECT SUMMARY: The town's water system has the following deficiencies: a single groundwater supply, petroleum hydrocarbon induced gasket failure in supply lines, undersized distribution mains, low service pressure, dead end lines, a deteriorating storage tank, and no back-up power. Major elements of the project include: drilling an additional well, installing chlorination equipment, replacing 7,000' of water mains and installing auxiliary power sources.

PROJECT STATUS: Construction is substantially completed.

NAME OF RECIPIENT	Judith Basin County/Geyser District	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 330,000	TSEP Grant
	\$ 308,000	CDBG Grant
	\$ 100,000	RRGL Grant
	\$ 292,000	RD Grant
	<u>\$ 219,000</u>	RD Loan
TOTAL	\$1,249,000	

PROJECT SUMMARY: The district's water system has the following deficiencies: inadequate supply and storage, no storage for emergency or fire flow conditions, only one supply well, undersized distribution mains, reduce capacity from wells, poor water quality, no auxiliary power and no water meters. Major elements of this project are: drilling two new wells, constructing a 67,000-gallon water tank, and installing 11 fire hydrants, 5,700' of distribution lines and 53 water meters.

PROJECT STATUS: Test wells are being drilled, and the remainder of project is in final design.

NAME OF RECIPIENT	Lake County Solid Waste District	
TYPE OF PROJECT	Solid Waste System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$1,056,818	Local Funds
	<u>\$ 640,182</u>	Intercap Loan
TOTAL	\$2,197,000	

PROJECT SUMMARY: The district's solid waste system has the following deficiencies: landfill disposal space is projected to be gone by 2005, and DEQ regulations will not allow the existing landfill to be expanded because it is located in a geologically unstable area subject to seismic activity. The project consisted of constructing a transfer station so the solid waste can be transported the Missoula landfill.

PROJECT STATUS: Construction completed; closeout pending.

NAME OF RECIPIENT	Lewis and Clark County	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	\$ 170,575	TSEP Grant
	<u>\$ 170,575</u>	Local Funds
TOTAL	\$ 341,150	

PROJECT SUMMARY: The county has three bridges (Lake Helena Drive Bridge, John G. Mine Road Bridge and Stemple Pass Road Bridge) with a variety of deficiencies. The project consists of replacing the three bridges.

PROJECT STATUS: Construction completed; closeout pending.

NAME OF RECIPIENT	Libby	
TYPE OF PROJECT	Water and Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 100,000	RRGL Grant

	\$ 241,275	Intercap Loan
	<u>\$ 380,000</u>	Local Funds
TOTAL	\$1,221,275	

PROJECT SUMMARY: The Johnson Acres neighborhood adjacent to the city has the following problems: a centralized wastewater system is not available in the area, water lines are undersized and leaking, improperly placed mains and lines, inadequate fire flows and portions of the system are located on private property without easements. Major components of the project include: extending city sewer into the area, abandoning 105 existing septic tanks, extending city water service into the area, installing eight new fire hydrants, and replacing under-sized water transmission main with 1,440' of 12" pipe.

PROJECT STATUS: The bid award is expected in December 2004 with a proposed construction start date in March, 2005. TSEP start-up conditions have not been met, because the city has not obtained a firm commitment of all funding sources. The city needs to know how much the bid award will be before it can obtain a firm commitment from Intercap.

NAME OF RECIPIENT	Madison County
TYPE OF PROJECT	Bridge System Improvements
FUNDING	\$ 174,529 TSEP Grant
	<u>\$ 174,529</u> Local Funds
TOTAL	\$ 349,058

PROJECT SUMMARY: The county has three bridges (First South Boulder Road Bridge, Second South Boulder Road Bridge and South Willow Creek Bridge) with a variety of deficiencies. The project consists of replacing all three bridges.

PROJECT STATUS: Construction completed; closeout pending.

NAME OF RECIPIENT	Missoula
TYPE OF PROJECT	Wastewater System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$ 100,000 RRGL Grant
	\$1,013,267 Local Funds
	\$4,202,000 SRF
	<u>\$ 181,000</u> RD Loan
TOTAL	\$5,825,267

PROJECT SUMMARY: The Rattlesnake Valley area of the City of Missoula has the following problems: the area has a significant number of on-site wastewater treatment systems that are inadequate and/or that have failed, and are polluting the city's sole source aquifer and causing high nutrient loading of the Clark Fork River. The project would consist of constructing collector lines that would be connected to the city's wastewater system.

PROJECT STATUS: Lawsuits have delayed the start up of the project. The contract has been signed, but no other start-up conditions have been met.

NAME OF RECIPIENT	Missoula County
TYPE OF PROJECT	Wastewater System Improvements
FUNDING	\$ 499,335 TSEP Grant
	\$ 100,000 RRGL Grant
	\$ 584,320 RSID Loan

	\$ 617,670	STAG
	<u>\$ 231,170</u>	Missoula Water Quality District
TOTAL	\$2,032,495	

PROJECT SUMMARY: The county's four sub-district wastewater systems in the Mullan Road corridor have the following deficiencies: inadequate aeration, leakage of treatment and storage facilities, inadequate treatment of effluent, some ageing septic tanks, and drainfield failure. Major elements of the project include: inspecting and repairing existing mains and lines, and installing gravity mains and collection lines to connect the sub-districts to the sewer trunk line.

PROJECT STATUS: Two of the four sub-districts have been connected to the City of Missoula's sewer plant. The other two sub-districts are in final design with construction expected to begin Spring 2005. TSEP start-up conditions have not been met. Firm commitment from the RSID loan source remains.

NAME OF RECIPIENT	Pablo – Lake County Water and Sewer District	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 500,000	CDBG Grant
	\$ 100,000	RRGL Grant
	\$1,040,282	RD Grant
	<u>\$1,040,282</u>	RD Loan
TOTAL	\$3,180,564	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: an undersized treatment system, and a directive from the Confederated Salish and Kootenai Tribes to eliminate the use of rapid infiltration cells if the system is expanded. Major elements of the project include: the abandoning the rapid infiltration cells, constructing three new storage cells and a spray irrigation pumping facility, and expanding the spray irrigation system.

PROJECT STATUS: Under contract, but have not yet completed start up requirements; waiting to apply to CDBG for funding.

NAME OF RECIPIENT	Phillips County Green Meadows District	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 112,500	TSEP Grant
	\$ 100,000	RRGL Grant
	<u>\$ 42,900</u>	SRF Loan
TOTAL	\$ 255,400	

PROJECT SUMMARY: The district's water system has the following deficiencies: untreated, insufficient water supply, undersized mains, dead-end lines, and undersized storage tank. Major elements of the project include: abandoning the present system, connecting to the City of Malta's water system with a new 8" looped distribution system and the installation of meters on all services.

PROJECT STATUS: Construction completed; closeout pending.

NAME OF RECIPIENT	Polson	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 589,418	SRF Loan
	<u>\$ 147,500</u>	Local Funds

TOTAL \$1,236,918

PROJECT SUMMARY: The city's water system has the following deficiencies: cannot meet the existing peak demand, low pressures due to storage drop during peak flows, limited firefighting capacity. The major element of the project is the construction of a water main that crosses the Flathead River in order to connect an existing well and storage facility.

PROJECT STATUS: Construction completed, but a small cost dispute remains with general contractor; closeout pending.

NAME OF RECIPIENT	Pondera County
TYPE OF PROJECT	Bridge System Improvements
FUNDING	\$ 137,500 TSEP Grant
	<u>\$ 137,000</u> Local Funds
TOTAL	\$ 275,000

PROJECT SUMMARY: The Theatre #1 Bridge has rotting wood and a sagging deck. The project consists of replacing the bridge.

PROJECT STATUS: Construction completed; closeout pending.

NAME OF RECIPIENT	Power-Teton County District
TYPE OF PROJECT	Water System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$ 100,000 RRGL Grant
	<u>\$ 339,900</u> SRF Loan
TOTAL	\$ 939,900

PROJECT SUMMARY: The district's water system has the following deficiencies: high-organic concentrations resulting in by-product violations, no storage for emergency or fire flow, lack of storage capacity, undersized distribution lines, no auxiliary power, and dead-end lines. Major elements of the project include: constructing a pre-sedimentation basin, a 250,000-gallon storage tank with transmission lines and high priority distribution lines.

PROJECT STATUS: The project is in final design, with construction expected to begin Spring 2005. The grantee is under contract with TSEP, which is the only start-up condition that has been met. The grantee did pass a debt election in February 2004.

NAME OF RECIPIENT	Ramsay County District
TYPE OF PROJECT	Water System Improvements
FUNDING	\$ 255,000 TSEP Grant
	\$ 100,000 RRGL Grant
	<u>\$ 164,000</u> RD Loan
TOTAL	\$ 519,000

PROJECT SUMMARY: The district's water system has the following deficiencies: wells with no wellhead protection located in close proximity to potential source of pollution, low water pressure, lack of continuous disinfection, inadequate storage and inoperable valves and hydrants. Major elements of the project include: replacing undersized mains, installing five new hydrants and valves, drilling two new wells away from contamination, and installing meters.

PROJECT STATUS: TSEP start-up conditions have not been met. The District has not been able to pass a debt election, thereby securing the matching funds. The district is anticipating that legislation being proposed during the 2005 Legislature will alter the requirements needed to pass a bond election. If that bill passes, the district would hold another election in the attempt to pass the bond.

NAME OF RECIPIENT	Richland County
TYPE OF PROJECT	Bridge System Improvements
FUNDING	\$ 351,625 TSEP Grant
	<u>\$ 351,625</u> Local Funds
TOTAL	\$ 703,250

PROJECT SUMMARY: The county has four bridges (West Finnicum Bridge, East Palmer Bridge, Vournas Bridge and East Carlson Bridge) with a variety of deficiencies. The project consists of replacing all four bridges.

PROJECT STATUS: The West Finnicum Bridge was completed the summer of 2004. The remaining three bridges are expected to be designed and built by the fall of 2005.

NAME OF RECIPIENT	Ryegate
TYPE OF PROJECT	Water System Improvements
FUNDING	\$ 478,700 TSEP Grant
	\$ 190,000 BOR Grant
	\$ 100,000 RRGL Grant
	<u>\$ 278,800</u> RD Loan
TOTAL	\$1,047,500

PROJECT SUMMARY: The town's water system has the following deficiencies: the water source is designated GWUDISW, fecal coliform bacteria has been detected, the infiltration gallery capacity has decreased, and there is inadequate storage to meet fire protection requirements. Major elements of the project include: drilling two to three new wells, replacing cast iron pipe with PVC pipe, installing 10 new fire hydrants, conducting a structural inspection of the storage tank and metering service connections.

PROJECT STATUS: A test well has been drilled. Survey work and preliminary design has been completed, as well as a hydrological study. Completion of the final design is dependent on the outcome of the test well.

NAME OF RECIPIENT	Scobey
TYPE OF PROJECT	Wastewater System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$ 100,000 RRGL Grant
	\$ 130,000 Local Funds
	<u>\$1,206,000</u> SRF Loan
TOTAL	\$1,936,000

PROJECT SUMMARY: The city's wastewater system has the following deficiencies: an undersize single cell with leaks, inoperable control structures, valves and outlet/inlet piping, clay tile pipe collection lines with many problems. Major elements of the project include: reconfiguring the treatment facility to a two-cell lined storage and spray irrigation, replacing seven manholes, replacing a portion of the mains, and constructing an equipment building.

PROJECT STATUS: The project is in final design with construction estimated to begin Spring 2005. The

grantee is under contract with TSEP, which is the only start-up condition that has been met.

NAME OF RECIPIENT	Sheaver's Creek District	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 100,000	RRGL Grant
	\$ 39,000	RD Loan
	\$ 327,250	RD Loan
	<u>\$ 981,750</u>	RD Grant
TOTAL	\$1,948,000	

PROJECT SUMMARY: The district's water system has the following deficiencies: fluoride levels exceeding EPA maximum contaminant level, possible spring under the influence of surface water, unburied transmission line, storage tank with no cover, undersized distribution mains, leaking distribution lines, inadequate storage, no fire service or hydrants, pressures below 20 psi, and no easements for repair. The major components of the project include: Drilling three new wells, installing approximately 19,000' of mains, installing approximately 118 new services and meters, constructing a 140,000 gallon storage tank, and installing approximately 30 fire hydrants. TSEP funds will be used to pay for the drilling of one new well, constructing the storage tank, and installing the fire hydrants.

PROJECT STATUS: The first phase, which is funded by RD, has been awarded for construction. The second phase, which is funded by TSEP, is in final design.

NAME OF RECIPIENT	Sheridan County	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	\$ 210,775	TSEP Grant
	<u>\$ 210,775</u>	Local Funds
TOTAL	\$	

PROJECT SUMMARY: The county has eight bridges (Rovig Bridge, East Twin Bridge, Dale Drawbond Bridge, Eagle Creek Bridge, Don Johnson Bridge, East and West Orvis Nelson Bridges, and North Dagmar Bridge) with a variety of deficiencies. The project consists of replacing all eight bridges.

PROJECT STATUS: The project is in final design with construction estimated to begin spring, 2005.

NAME OF RECIPIENT	Stanford	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 100,000	RRGL Grant
	\$ 192,000	RD Grant
	<u>\$1,144,900</u>	RD Loan
TOTAL	\$1,764,100	

PROJECT SUMMARY: The town's water system has the following deficiencies: supply cannot meet average daily demand, water quality is poor, inadequate pressure, and 29 fire hydrants are 74 years old with inadequate size, leakage and some are inoperable. Major elements of the project include: drilling two new wells, rehabilitating existing wells, constructing a 316,000-gallon storage tank and 3200' of distribution lines, and replacing 29 fire hydrants.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Stillwater County	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 450,000	Local Funds
	<u>\$ 19,134</u>	In-Kind
TOTAL	<u>\$ 919,134</u>	

PROJECT SUMMARY: The county has five bridges (West Rosebud Creek Bridge, Grove Creek Bridge, Limestone Creek Bridge Pope Road Bridge and Youngs Point Road Bridge) with a variety of deficiencies. The project consists of replacing all five bridges.

PROJECT STATUS: Under construction, completion expected in Spring 2005

NAME OF RECIPIENT	Sweet Grass County	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	\$ 235,954	TSEP Grant
	\$ 184,254	Local Funds
	<u>\$ 51,700</u>	In-Kind
TOTAL	<u>\$ 471,908</u>	

PROJECT SUMMARY: The county has three bridges (Big Timber Creek Bridge, Bridger Creek Road Bridge Stock Pass Crossing and Bridger Creek Road Bridge) with a variety of deficiencies. The project consists of replacing all three bridges.

PROJECT STATUS: Under construction, nearing completion.

NAME OF RECIPIENT	Troy	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 400,000	CDBG Grant
	\$ 100,000	RRGL Grant
	\$ 400,000	RD Grant
	<u>\$ 630,800</u>	RD Loan
TOTAL	<u>\$2,030,800</u>	

PROJECT SUMMARY: The city's water system has the following deficiencies: leakage causing loss of nearly half of the supply, inadequate storage, lack of metering, and contamination from a shallow well. Major elements of the project include: drilling a new well, adding a disinfection system replacing 2,000' of main and 18,000' of service line, constructing a 180,000-gallon storage tank, and installing meters on all service connections.

PROJECT STATUS: The project is in final design; however, they are continuing to search for land to construct the tank and drill the new well. Construction is estimated to begin in the Spring 2005.

NAME OF RECIPIENT	Upper-Lower River Road District	
TYPE OF PROJECT	Water and Wastewater System	
FUNDING	\$ 500,000	TSEP Grant
	\$ 500,000	State CDBG Grant
	\$ 332,000	City CDBG Grant
	\$ 100,000	RRGL Grant
	\$ 867,300	STAG Grant

	<u>\$ 585,768</u>	SRF Loan
TOTAL	<u>\$2,885,068</u>	

PROJECT SUMMARY: The district's water and wastewater system has the following water and wastewater deficiency: on-site wastewater systems causing high levels of nitrate and ammonia in drinking water wells. Major elements of the project include: constructing water and sewer mains that are connected to the City of Great Falls water and sewer systems, constructing distribution and collection lines, and installing 265 water meters.

PROJECT STATUS: The district delineated a sub-district within the district to be connected to the City, passed a bond election and is in final design. The department is in the process of completing a contract with the district. The remaining start-up conditions have not yet been completed. The district has an application before the 2005 Legislature for funding to complete a project in the second sub-district of the district.

NAME OF RECIPIENT	Wolf Point
TYPE OF PROJECT	Water System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$1,180,000 RD Loan
	\$ 246,500 Local Funds
	<u>\$ 40,000</u> Tribal Funds
TOTAL	<u>\$1,966,500</u>

PROJECT SUMMARY: The city's wastewater system has the following deficiencies: an offensive odor, sludge build-up, and discharges at a marginally acceptable rate. Major elements of the project include: sludge removal, and the splitting the existing second cell to form a three-cell system, with two aerated cells and a polishing pond.

PROJECT STATUS: The first phase, which was funded entirely by RD and is completed, involved removing the sludge. The second phase, which TSEP is helping to finance and is under construction, involves reconfiguring the lagoon system.

NAME OF RECIPIENT	Worden – Ballentine District
TYPE OF PROJECT	Water System Improvements
FUNDING	\$ 500,000 TSEP Grant
	\$ 100,000 RRGL Grant
	\$ 24,222 Local Funds
	<u>\$ 850,300</u> SRF Loan
TOTAL	<u>\$1,474,522</u>

PROJECT SUMMARY: The district's water system has the following deficiencies: potential for backflow of raw water from nearby creek, undersized pipelines, inadequate fire protections, aged pumps, undersized storage tank and no back-up water source. Major elements of the project include: videoing the source drain, drilling a well, constructing a chlorination facility, installing a new pump, adding a back-up generator, constructing a 200,000-gallon storage tank, and adding 8,000' of line, 21 valves and four hydrants.

PROJECT STATUS: Still looking for a suitable well site. Plans have been submitted to DEQ for the tank design, with construction anticipated to begin in Spring 2005.

APPENDIX D

TSEP PRELIMINARY ENGINEERING GRANTS AWARDED BY THE DEPARTMENT DURING THE 2005 BIENNIUM

Name of Applicant	Project Type	TSEP Grant Amount	PER Completed
Anaconda-Deer Lodge County	Water	\$10,000.00	Yes
Big Horn County	Bridge	\$15,000.00	Yes
Carbon County	Bridge	\$15,000.00	Yes
Carter Chouteau County Water and Sewer District	Water	\$7,500.00	Yes
Town of Cascade	Water	\$5,000.00	Yes
Town of Chester	Wastewater	\$15,000.00	Yes
Town of Circle	Wastewater	\$15,000.00	Yes
Custer Area/Yellowstone County Water and Sewer District	Wastewater	\$15,000.00	Yes
City of Deer Lodge	Wastewater	\$7,000.00	No
Town of Fairfield	Wastewater	\$15,000.00	Yes
City of Forsyth	Wastewater	\$15,000.00	Yes
City of Glasgow	Wastewater	\$15,000.00	Yes
City of Hamilton	Wastewater	\$15,000.00	Yes
City of Havre	Water	\$15,000.00	Yes
Hill County	Bridge	\$15,000.00	Yes
Lakeside County Water and Sewer District	Water	\$15,000.00	Yes
Madison County	Bridge	\$15,000.00	Yes
City of Malta	Wastewater	\$15,000.00	Yes
Meagher County (Martinsdale)	Water	\$12,500.00	No
Town of Pinesdale	Water	\$13,800.00	No
City of Polson	Wastewater/ Storm Drain	\$15,000.00	No
Powell County	Bridge	\$15,000.00	Yes
Seeley Lake County Sewer District	Wastewater	\$15,000.00	Yes
Sheridan County	Bridge	\$12,000.00	Yes
City of Sheridan	Water	\$5,000.00	Yes
Spring Meadow County Water District	Water	\$15,000.00	Yes
City of St. Ignatius	Wastewater	\$15,000.00	Yes
Stillwater County	Bridge	\$15,000.00	Yes
Sweet Grass County	Bridge	\$15,000.00	Yes
Town of Valier	Wastewater	\$15,000.00	Yes
City of Whitefish	Wastewater	\$15,000.00	No
Woods Bay Homesites Lake County Water & Sewer District	Water	\$6,700.00	Yes
Total Amount Awarded		\$425,000	

